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NEWS SUMMARY

GENERAL

Black rule talks to resume

Mr. Ian Smith's Rhodesian Government smoothed relations with Bishop Abel Muzorewa's United African Council, clearing the way for resumption of internal talks to bring about black rule.

After a meeting between Mr. David Smith, Deputy Prime Minister, and Mr. James Chikerema, UANC vice-president, the council said it would take part in talks to-day, thus ending a boycott which began when the bishop stormed out of a meeting last Friday.

In Malta, Patriotic Front leaders presented Mr. David Owen, Foreign Secretary and Mr. Andrew Young, U.S. envoy to the U.N., with ceasefire terms which highlighted the wide gap between their demands and the Anglo-American proposals.

Nationalist officials indicated that the terms provided for an interim post-ceasefire administration dominated by the Patriotic Front leaders and underpinned by guerilla forces. Back Page

Snow spreads

Snow spread southwards bringing chaos to many parts of Britain as the search for victims in the Scottish Highlands was hindered by new blizzards. Fresh falls grounded eight of the RAF's 16 rescue helicopters, but crews managed to rescue four people from deep drifts at Aviemore.

A man who had been trapped for almost four days was found alive last night in his car. The death toll in the Highlands remained at four, but there were fears that people might still be trapped in cars.

Rather cold and changeable weather is forecast as February begins, becoming milder towards the end of the month. Parliament, Page 10; Forecast, Back Page. Four schoolchildren were missing after an avalanche thundered down Switzerland's Ioh Brisen mountain.

Cairo talks

Egypt and Israel resumed military negotiations in Cairo after an unexpected meeting between Gen. Gamassi, Egyptian War Minister, and Mr. Ezer Weizman, Israeli Defence Minister. In Algiers rejection front Arab States planned counter-moves. Page 3

Mirage deal

France has beaten off U.S. competition to sell 18 Mirage F-1 fighter-bombers worth $800m. to Spain. General Dynamics had hoped to sell Spain its F-16, the aircraft favoured by Belgium, Holland, Denmark, and Norway.

Greig dismissed

Sussex County Cricket Club has overturned its decision to re-appoint Tony Greig captain. Page 12

Briefly . . .

Mr. Leonid Brezhnev, 71, Soviet president, reappeared in Moscow after a 28-day absence from public engagements. Page 2

Mr. Jack Jones, general secretary of the Transport and General Workers Union, has been appointed to the Royal Commission on Criminal Procedure.

Mr. Peter Jay, British ambassador to the U.S., is in London for talks with his father-in-law, Mr. James Callaghan.

A U.S. State Department employee and a Vietnamese were arrested in Washington on charges of spying for the Hanoi Government.

Cornwall County Council is to set up skateboarding courses at Bodmin and Redruth.

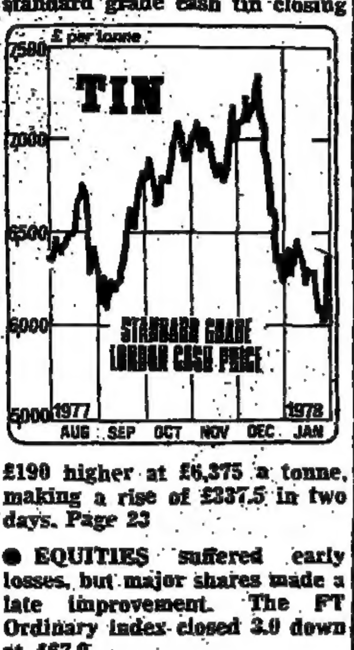
An armed raider robbed two security guards of £25,000 at a Worthing, Sussex, branch of the National Westminster Bank.

Soccer: FA Cup tie, fourth round: Nottingham Forest 2, Manchester City 1; QPR 6, West Ham 1; Brighton 1, Notts County 2; Chelsea 6, Burnley 2; Millwall 4, Luton 0.

BUSINESS

Tin price rises; equities down 3

● TIN PRICES rose sharply for the second day running, with standard grade cash tin closing £190 higher at £6,375 a tonne, making a rise of £337.5 in two days. Page 23



● EQUITIES suffered early losses, but major shares made a late improvement. The FT Ordinary index closed 3.0 down at 467.0.

● GILTS closed with falls of ¼, in spite of better news of the US. economy. The Government Securities index closed 0.23 down at 75.61.

● STERLING rose 25 points to $1.9500 but its trade-weighted index remained unchanged at 66.5. The dollar's depreciation widened to 4.65 per cent. from 4.60 per cent.

● GOLD rose $⅞ to $175⅞.

● WALL STREET closed 2.52 down at 769.92.

● NEW YORK Stock Exchange companies increased their cash dividends on common stock by a record 18.5 per cent. in 1977 to $36.27bn., compared with $30.61bn. in 1976. Page 19

● KUWAIT has urged OPEC to seek an alternative to the U.S. dollar for calculating oil prices Page 3. National Iranian Oil has re-opened negotiations on its 20-year supply agreement with western oil companies. Back Page

● A SPECIAL Government fund for revenue from North Sea oil has attracted significant Cabinet suport. A White Papare on the use of the revenue will be published later this month. Back Page

Railmen start pay talks

● RAIL UNIONS have begun talks on a pay deal for 177,000 railwaymen, and the 15 per cent. the lorry drivers are getting may complicate negotiations. Gas industry workers were considering an improved 9.5 per cent. offer after turning down 8.9. Back Page

● CIVIL SERVICE unions representing a ⅓m. civil servants have put in a claim for substatnial pay increases and have warned the department that an offer below the 10 per cent. maximum would be "totally unacceptable." Page 8

● PRESSMEN at Ford's Halewood plant have voted to continue their four-week-old strike. Page 8

● NATIONAL Freight Corporation will still be struggling for viability this year in spite of financial restructuring and a £9.5m. improvement in trading profit last year. Page 7

● SUPERMARKET groups' profits could be reduced if the food price war continues, the chairman of International Stores, the BAT Industries supermarket chain, has warned.

● BAT INDUSTRIES reported pre-tax profits for the year to September 30, 11 per cent. up Back and Page 17 and Lex.

● REED INTERNATIONAL profits for the third quarter ended December 31 fell by £1m. to £18.9m., with the overseas contribution showing a marked decline. Page 17 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Milbury	95	+ 8
Needlers	32	+ 4
Nottingham Brick	227	+ 11
Reed Intnl.	135	+ 7
Syltone	105	+ 5
West Brom. Spring	37	+ 5
Young Austin & Young	82	+ 16

FALLS		
Assd. P. Cement	240	− 9
Beecham	630	− 10
Berkeley Hambro	100	− 6
[illegible]	206	− 5
Chesterfield Props.	297	− 16
[illegible]	158	− 7
[illegible]	259	− 4
[illegible]	578	− 10
Guinness Peat	208	− 7
Harcros Inv.	82	− 9
Harrisons & Crosfield	350	− 12
Hunt (C.)	85	− 5
MEPC	121	− 4
Midland Bank	348	− 4
Nurdin and Peacock	93	− 4
Porter Chadburn	110	− 6
Prop. Security Inv.	136	− 8
Stock Conversion	250	− 5
Sun Alliance	541	− 8
Sunley (B.)	202	− 8
Tunnel B	264	− 8
Wilkinson Match	188	− 10
London Sumatra	112	− 11
Cons. Murchison	245	− 10
Durban Deep	307	− 30
Falcon Mines	183	− 7
Middle Wits.	160	− 10
Southvaal	480	− 15
Vaal Reefs	£11½	− ½

Export prospects and sterling rise still worry industrialists

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A continuing lack of industrial confidence, fuelled by worries among industrialists about the impact of the rising pound and Britain's general prospects in export markets, was reported by CBI leaders yesterday.

This contrasts with optimistic speeches made recently by the Prime Minister and other leading members of the Government, and will lead the CBI to call for a significant economic boost in the spring Budget to promote growth and expand demand.

The details of the CBI's submissions to the Chancellor of the Exchequer on the Budget are now being finalised and will broadly back calls from the TUC for substantial reflation with a considerable amount of the economic boost stemming from cuts in income tax.

But the CBI will opt for a lower figure than the £3bn. reflation proposed by the TUC and will also urge, in contrast to the views of union leaders, rapid relaxation of exchange controls.

The general lack of confidence among industrialists, accompanied by a warning that "the recession continues," was spelt out yesterday when the CBI published its quarterly survey of manufacturing industry trends.

It prompted Mr. Ray Pennock, a deputy chairman of ICI, who is chairman of the CBI's economic situation committee, to state: "Any confidence in the economic and financial world has certainly not reached back into the industrial situation." The survey, he said, was "not very cheerful reading."

However, the CBI does believe that there may be some evidence of an improvement in retail sales, which are not included in the survey.

Some leading retailers who belong to Mr. Pennock's committee have reported that they believe an increase in consumer spending which started before Christmas may prove to have continued beyond the January sales.

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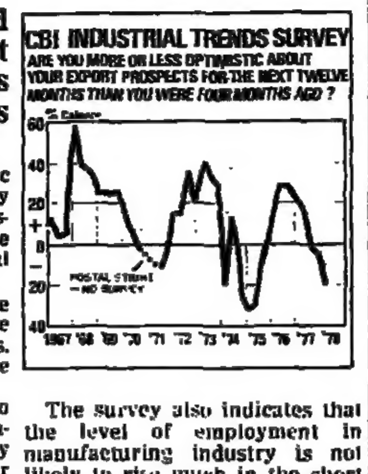
But yesterday, the CBI was adamant that this has yet to feed through to manufacturing industry and it could only point to a steadying of price and wage rises, coupled with a continuation of strong investment intentions, as the hopeful counterweights to the wider worries.



The survey also indicates that the level of employment in manufacturing industry is not likely to rise much in the short term because companies are, if anything, cutting back their labour forces.

The CBI's concern is based on evidence from the 2,100 companies responding to the survey early in January who employ some 3m. people and account for half the country's manufactured exports.

This showed that export markets are much less buoyant and that a lack of price competitiveness is featuring more prominently among factors likely to prevent companies winning export orders. "It is a very

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MARKET SHARE DROPS TO 20%

Government backs changes at Leyland

BY OUR INDUSTRIAL STAFF

MR. MICHAEL EDWARDES, chairman of British Leyland, has gained broad Government approval for the plans to reorganise the company which be will put to a meeting of unions and management in Birmingham to-day.

The proposals have been considered by a Cabinet committee chaired by Mr. Eric Varley, the Industry Secretary, and Mr. Edwardes has been told that he can go ahead with his reorganisation without need of further Government approval.

This support for his proposals, which involve trimming some projects, reducing the labour force and introducing a more decentralised structure, will put him in a strong position to take a hard line in dealing with opposition from the unions.

So far reaction to Mr. Edwardes' ideas, which he has already outlined to senior trade union officials, has been muted. But Leyland shop stewards are mobilising a campaign to enlist support from MPs for their alternative campaign to expand car output rather than cut jobs.

Mr Edwardes' case against this expansionist target is that Leyland cannot hope to rebuild its marketing position in the U.K. until confidence in its products and ability to supply returns.

The company's sales, which slumped from 27 to 24 per cent. of the U.K. market last year, have fallen further in January to only 20.7 per cent.

In the last few days Leyland sales have been 17 per cent. of the market, only about twice as many as those of Datsun, the leading importer. Despite an improving stock position and a January market of about 150,000 units—the largest for several years—Leyland is now trailing about ten percentage points behind Ford in the U.K. tables.

These results underline the gloomy message which Mr. Edwardes has already pressed home in preliminary talks with national trade union officials.

He has given them a broad indication that jobs could be cut this year by between 10,000 and 15,000 in the cars group, depending on what market share the company finally achieves in the U.K.

This share, he has said, could be between 20 and 30 per cent. He has warned that if the outcome is closer to 20 per cent. the British Leyland Board will not shrink from recommending drastic action to cut the company's car-manufacturing facilities.

His other proposals to-day are expected to outline the creation of two separate car-producing organisations based on the former Austin Morris and Jaguar Rover Triumph companies, plus a parts business.

All the plans must go to the National Enterprise Board, Leyland's main shareholder.

Commons clash over race

By Richard Evans, Lobby Editor

THE DEVELOPING row over immigration produced an abrasive duel between Mr. James Callaghan and Mrs. Margaret Thatcher in the Commons yesterday. It illustrated vividly the political heat that could be generated should immigration become a major general election issue.

The Prime Minister challenged the Conservative leader to state specifically how immigration could be reduced.

Mrs. Thatcher rebutted criticism that she was being racialist in declaring the need for a virtual end to immigration. She challenged Mr. Callaghan to admit that stricter controls were necessary to maintain racial harmony.

The crux of the Commons clash was the Prime Minister's argument that if the Conservatives meant virtually to end immigration, they had only two options—to renege on their commitment to U.K. passport holders and the immediate dependents of those already here, or to send back immigrants already here who had been here for several years.

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Editorial comment, Page 14
Mrs. Thatcher and immigration, Page 15

Earlier, in a BBC radio interview, Mrs. Thatcher hinted that the position of immigrants who arrived after January 1, 1973, but had not yet acquired U.K. citizenship, was being studied.

"We did say in 1971, that people should be able to come in to work but not with the right to settle permanently. Those who came in after the legislation was enacted in 1973 haven't necessarily got the right to settle permanently," she said.

She argued that race relations would be better if there were not vast numbers coming in and the prospect of many more arriving.

The latest Home Office statistics show that just under 28,000 immigrants arrived in 1977.

Mr. Callaghan said in the Commons that numbers were 25 per cent. down on the previous year.

Mr. David Steel, the Liberal leader, argued that vague talk by the Conservatives of reducing immigration without being specific merely encouraged "fear, uncertainty and prejudice."

Mrs. Thatcher's recent remarks on immigrants were reinforced yesterday by a policy declaration in Conservative Monthly News.

Pointing out that the number of immigrants entering Britain was running at nearly 50,000 a year, the magazine asks: "Does any responsible person really imagine that this can be sustained without subjecting race relations to grave strain?"

EEC agrees on two-stage 'green pound' devaluation

BY MARGARET VAN HATTEM BRUSSELS, Jan. 31.

EUROPEAN Agricultural Ministers to-day resolved their differences over Britain's request for a 7½ per cent. devaluation of the "green pound" and unanimously approved a two-stage compromise formula.

A 5 per cent. devaluation of the "green" currency rate by which Britain's farm prices are calculated, is to take effect from Thursday in the two most troubled sectors, pig meat and beef.

Further adjustments leading to a full 7½ per cent. devaluation in all sectors will be tied to final agreement on price increases in the Community's annual farm price review, expected to get under way after the French General Election in March.

These will include a further 2½ per cent. devaluation for pig meat and beef and a 7½ per cent. devaluation for milk and milk products, to take effect as soon as the prices package is agreed.

The 7½ per cent. devaluations on all other products will be phased in at the start of their respective marketing years.

The agreement, while providing immediate relief for British livestock producers, leaves scope for EEC members with strong currencies to protect their farmers by applying pressure on Britain should it try to press for minimal price increases during the prices review.

The outcome is clearly a victory for Mr. John Silkin, Agriculture Minister, who has emerged from the bitter wrangling of the past week with every indication of having enjoyed himself almost as much as he has irritated his EEC counterparts.

His reputation in Brussels for bulldozing tactics combined with skillful manipulation of officials, politicians and Press does not appear to have suffered.

He has displayed masterly timing—expressing outrage that anyone should challenge the authority of the House of Commons, boycotting the unofficial fisheries meeting in Berlin, thus robbing it of much of its purpose, and making Mr. Fenn Olav Gundelach, the EEC Agriculture Commissioner, say that the 5 per cent. devaluation sought by the U.K. was economically sounder than the 7½ per cent. adjustment forced on it by the House of Commons.

"I am frankly a little more than satisfied." Mr. Silkin said after this morning's meeting.

But some of Britain's EEC partners are less happy with the agreement. Herr Josef Ertl, German Agriculture Minister, told the Council he accepted the compromise with reluctance.

He backed an earlier remark by Mr. Alphonse Van Der Stee, Dutch Agriculture Minister, that the EEC was becoming a menu from which members selected only the parts that suited them. Herr Ertl said he had yielded only on condition that all member States entered the price negotiations without prejudice for a fair solution.

Beef and pig producers can now expect some immediate help. Beef intervention prices should rise by roughly 6 per cent. and the monetary compensatory subsidy on Irish beef imports will be proportionately reduced, making the British market less attractive to Irish exporters. This should very

Continued on Back Page

Fishing policy talks collapse

BRUSSELS, Jan. 31.

TALKS on a Common European Fisheries policy collapsed in total disarray to-night, hours before the present temporary regime was due to expire, writes Margaret van Hattem.

EEC Ministers concluded their negotiations without setting any date for a future meeting.

From mid-night to-night, therefore, the present regime lapses, leaving Britain to go it alone, while the other eight abide by a temporary regime for the rest of this year, incorporated in a draft Council resolution, which all but Britain have approved.

This resolution, drawn up at the unofficial fisheries' meeting in Berlin last week—which Britain boycotted — includes the Commission's proposals for 1978 fishing catch quotas and for conservation measures. This ensures continuation of the bans on North Sea herring fishing and on industrial fishing which depletes whitefish breeding stocks in the so-called Norway pout box area.

Mr. John Silkin, the Fisheries' Minister, held out until the end against this resolution.

£ in New York

—	January 31	Previous
Spot	$1.9470-9500	$1.9460-9500
1 month	0.05-0.06prem	Par-0.0prem
3 months	0.26-0.30prem	0.21-25 prem
12 months	0.50-0.60prem	0.50-0.60 prem

Petrol: Jack Jones sees hope

BY NICK GARNETT, LABOUR STAFF

MR. JACK JONES, general secretary of the Transport and General Workers' Union, said last night that he was optimistic that a settlement could be negotiated between the tanker drivers and the four oil companies threatened by industrial disruption.

Mr. Jones speaking after a meeting with Mr. William Rodgers, the Transport Secretary at the Minister's invitation, said there was an area of "common ground."

An overtime ban by drivers for the four companies was due to begin at midnight.

Mr. Jack Ashwell, the union's transport secretary, said the early resumption of talks with the four companies, Shell, Esso, BP (including National) and Texaco was now a "strong possibility." There was not a great difference between the offer and what the men would accept.

The four companies were yesterday studying how to reduce the impact of the ban.

There were some signs of panic buying of petrol, although the companies say the direct effects of the ban may not be felt for several days.

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The companies have been looking at ways of improving the use of tankers during the dispute. Shell drivers have decided to carry reduced loads in the largest tankers, in addition to working to rule and refusing overtime work.

The four companies say their deliveries may be cut by between 25 and 40 per cent. The cuts could be worse in Scotland, where a shop stewards decision to join the ban is apparently being regarded as binding on drivers at almost all oil companies.

The Scottish Motor Trade Association is expected to mount a publicity campaign aimed at persuading motorists to ration their petrol usage. The Motor Agents Association, the Automobile Association and the oil companies have asked consumers not to panic.

The drivers have been offered increases of about 15 per cent., including 5 per cent. productivity pay. Negotiations at most of the other oil companies are still going on.

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FEATURES

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Spanish government may have to nationalise steel

BY ROBERT GRAHAM

MADRID, Jan. 31.

THE CRISIS in the Spanish steel industry has reached such proportions that the Government is faced with little option but the politically hazardous course of nationalisation.

The main shareholders in the steel industry, the private banks, have resisted this idea in principle, but are now grudgingly coming round to the view that this may be the sole satisfactory way of recouping large investments.

Meanwhile, the Ministry of Industry is canvassing the idea of nationalisation in a low-key working paper on the restructuring of the industry that will be discussed by an inter-ministerial commission on Thursday.

The accumulated deficit of the steel industry is expected to reach Ptas30bn. ($365m.) at the end of the first quarter of 1978. By the end of the year it will have topped Ptas.60bn. ($730m.), according to Ministry of Industry sources.

The deficit primarily affects the three large integrated steel companies—Altos, Hornos de Vizcaya, Altos Hornos del Mediterraneo, and Ensidesa. The last named has an 88 per cent. equity held by the state holding company INI The other two are all in private hands, mainly the large banks like Banco de Vizcaya, plus some foreign steel interests in the form of a sizeable U.S. Steel stake in Altos Hornos de Vizcaya.

The most precarious position is that of Altos Hornos Mediterraneo which, according to informed sources, will be unable to pay its 5,600 workers next month.

The Ministry working paper traces the steel sector's problems back to 1974. Then, instead of revising growth projections in the light of the energy crisis, the industry decided to expand capacity by some 3m. tonnes. This resulted in heavy new investments at a time of increased overheads, a tightening of credit, and the beginnings of a decline in international and domestic demand.

Until mid-1977, the industry's plight was disguised by increased exports at highly competitive prices. In the last half of 1977 domestic demand fell off sharply, and first the U.S., then the EEC (the main export markets), began to tighten up on anti-dumping, introducing minimum base prices. As a result, 1977 production was just under 11m. tonnes, or 70 per cent. of capacity (putting Spain down to 14th in the world league).

Stocks of unsold steel are now mounting. Ensidesa alone has some 400,000 tonnes of steel accumulated due to inability to sell in the U.S. and European markets.

With excess capacity and heavy financial burdens, the industry faces two basic alternatives: a massive injection of State funds but with the industry remaining essentially private; or nationalisation. The Ministry of Industry feels that, if the former course were adopted, it would have to impose controls to ensure that the money was properly spent. Therefore, although more controversial in principle, the nationalisation solution is considered more "honest," and would certainly find favour with the opposition Socialist and Communist parties.

Nationalisation would also make it easier to reduce excess capacity which the Ministry claims is essential, despite, the large labour problems involved. The banks themselves have made little public comment so far but have given an interesting indication of their attitude. Recently, a new president was brought in to head Banco de Vizcaya—an appointment largely aimed at providing an intermediary between the Government and the banks over nationalisation. In short, if the price were right, then nationalisation could be made acceptable to the shareholders.

But this would represent a major shift from traditional Spanish economic policy. The Government apparently would prefer to postpone the issue because of the delicacy of the problems involved. The urgency of the industry's financial problems, however, makes this difficult.

Spanish banking, Page 21

W. German industrial pay tension

BY ADRIAN DICKS

BONN, Jan. 31.

WEST GERMANY appeared tonight to be facing the prospect of an unaccustomed wave of industrial unrest, as wage negotiations in the major sectors of the economy move towards a climax.

In a surprise development late last night, a majority of dockers rejected a 6.4-7 per cent. pay settlement reached by their union leaders over the week-end. It was not yet clear whether the men would resume the strike, which they began on Wednesday of last week and which was ended by a return to work on Monday ordered by the union on the basis of the provisional settlement.

In order for the strike to resume, the rules of the union, the public services OTV, call for a 75 per cent. majority. Yet the dockers' rejection of the pay deal clearly leaves the union leaders little latitude for when talks with the port employers are restarted.

As the first significant settlement this year, the dockers' 6.4-7 per cent. had already been attacked for exceeding too greatly the 5.5 per cent. which the Government had declared only last week to be the desirable upper limit for increases this year. The strike had been called after OTV had rejected an arbitration award of 5.3-5.5 per cent., later slightly improved by the port employers. Tonight the employers said that they stood ready to resume negotiations at any time.

In Stuttgart, meanwhile, the executive of IG-Druck, representing printers, rejected an outline agreement on wages and on the implementation of new printing technology, which had appeared (when it was reached 10 days ago) to spell the end of a series of stoppages in newspapers, magazines and general printing companies. At the same time the president of IG-Druck, Herr Leonard Mahlein, called on the publishers to open a fresh round of negotiations on February 8 or 9.

Against this increasingly unsettled background in two highly-publicised disputes, a second round of wage talks was reported to-day to have ended in deadlock in the North Rhine-Westphalia engineering and metal fabricating industry. This is the largest single group of workers in the sector which traditionally does most to set the wage level for the entire industrial economy.

While negotiating procedures are by no means exhausted yet, both sides have given some signs that they may be spoiling for a fight. The employers are reported not to have budged from their original offer of 3 per cent., while the union, the huge IG-Metall, is demanding an average of 8 per cent.

Karamanlis backed on EEC

BY OUR OWN CORRESPONDENT

BONN, Jan. 31.

MR. CONSTANTINE KARAMANLIS, the Greek Prime Minister, secured to-day a public promise from Chancellor Helmut Schmidt that West Germany would support the acceleration of Greece's negotiations with the European Community, and an assurance that German enthusiasm to see Greece become the tenth member State remains undiminished.

At the same time, however, Herr Schmidt delivered a firm reminder of the impatience felt here at Greece's continuing uncertain attitude towards NATO. He once again offered Bonn's help in trying to settle differences between Greece and Turkey over Cyprus, while making clear that it was not seeking the role of arbitrator.

Coming at the end of his tour of major Community capitals, Mr. Karamanlis' talks here must be judged to have been successful in virtually obliging the West German Government to stand up and be counted among those still actively in favour of Greek entry into the Community. Herr Schmidt offered his guest the further assurance that the entry negotiations should be completed during Germany's six-month spell as president of the Council of Ministers, during the second half of this year.

As a result, the Chancellor said, the way should be open for formal entry by Athens no later than the end of 1979.

In private, leading West German officials share many of the hesitations about the practical problems of enlargement that have been expressed in other capitals. Yet there has never been any doubt of Bonn's support for the political necessity of bringing the newly re-established Mediterranean democracies into the Community.

As a sign of German esteem for Mr. Karamanlis himself, it was announced this evening that the Greek Prime Minister has been awarded the Charlemagne Prize by the City of Aachen, a distinction reserved for those who have made a major contribution towards the integration of Europe.

Asked if he was prepared to meet the new Turkish Premier, Mr. Bulent Ecevit, to discuss Cyprus, Mr. Karaminlis replied cautiously, that "logical" proposals must first be forthcoming from Ankara. But he stressed that Greece's future role in NATO remained dependent on the solution of the Cyprus situation.

Bid to break deadlock at MBFR talks

VIENNA, Jan. 31.

NATO GOVERNMENTS pressed to-day for a quick exchange of military manpower figures to help break the deadlock in the east-west negotiations on mutual balanced force reductions (MBFR).

Both NATO and the Warsaw Pact reported continuing stalemate—but some hope—as the 19-nation conference reassembled, five years to the day since the two alliances first began bargaining over a Central European cutback agreement.

Canadian chief delegate Gordon Cox said that discussions on a data swap should be given high priority in the new 14th round of talks, following a six-week midwinter recess.

The conference resumed with a sharp warning from the Soviet bloc that production or deployment of the U.S. neutron bomb, as well as NATO plans for increased defence spending, "have become a close danger to the generally acclaimed policies of promoting detente."

The 12 NATO and seven Warsaw Pact delegations met in the same room of Vienna's Hofburg Palace where preparatory discussions began on January 31, 1973. Full negotiations started in October, 1973.

The two sides have already exchanged overall statistics on ground and air force manpower in Central Europe, but NATO is seeking more detailed data on Warsaw Pact strength to prove its claim that the Communists outnumber NATO by 150,000 men.

Agreement was almost reached in December on a supplementary data exchange, which would break down global figures into smaller categories, but the conference recessed without completing details.

Reuter

Main Portugal opposition party opts for moderation

BY JIMMY BURNS

LISBON, Jan. 31.

PORTUGAL'S main opposition party, the Social Democrat Party (PSD), has opted for moderation rather than outright defiance of the new Government, by appointing Sr. Antonio Sousa Franco as its new leader.

He replaces Sr. Francisco Sa Carneiro, the main representative of the PSD right-wing faction centred on small farmers of the north. Sr. Sa Carneiro has now resigned.

Sr. Sousa Franco, a soft-spoken Roman Catholic professor of economics is expected to set his party on a course of what he terms "selective" opposition to the new government alliance of Socialists and of Christian Democrats (CDS). The PSD would acquiesce in the general aspects of the new government's economic programme, but insist on the implementation of legislation which the Socialists within the Government might be hesitant about.

This includes the return of some of the farming land expropriated in 1975 to its original owners. Sr. Sousa Franco would also like to see a drive against corruption, a sore point for the Socialist party which only recently had one of its high ranking members arrested on charges of illegal possession of weapons.

Sr. Sousa Franco's appointment as leader of the PSD is seen here as a victory for those within the party who regret that Sr. Sa Carneiro's outbursts against Sr. Mario Soares and President Eanes spoilt the possibility of a Social Democratic alliance in government with moderate members of the Socialist party.

They have not ruled out the possibility of this at some later stage. There is a chance, however, that Sr. Sa Carneiro might return in the future as leader. This is the second time that he has resigned from the party leadership in less than three months.

Swedish Deputy PM quits

STOCKHOLM, Jan. 31.

SWEDEN'S LIBERAL Party Leader, Mr. Per Ahlmark, to-day announced he was resigning as party leader and as Deputy Premier and Labour Minister, for personal reasons.

The 39-year-old former journalist, Sweden's youngest party leader, told a news conference: "A tragic event in my immediate vicinity a year ago has radically changed my view of life."

Mr. Ahlmark said a new Liberal leader would be elected at a special conference in March. He would stay in Parliament until the next election, due in September, 1979.

The Swedish Liberal Party, with 39 of the Government's 180 seats, is the smallest party in Prime Minister Thorbjorn Falldin's coalition of Centrists, Conservatives and Liberals.

Among the strongest candidates for the Liberal leadership are Mr. Ola Ullsten, 46, Minister for International Development Assistance and Immigration, and Mr. Jan-Erik Wikstroem, 45, Minister of Education and Cultural Affairs.

Prime Minister Falldin to-day regretted Mr. Ahlmark's decision and said the progress of the Liberals under his leadership underlined his declaration that political reasons did not dictate the resignation.

Reuter

GISCARD ON TOUR

A day in the life of Précy-sous-Thil

BY DAVID CURRY

PARIS, Jan. 31

PRECY-SOUS-THIL on a wet Thursday. This is not the Burgundy of the Cote d'Or and the vineyards. This is upland country, the plateau of the Morvan, where the hills are etched in snow and the wind sweeps across the red earth.

The wind is gusting down the street, wrapping the red, black and gold banners of Burgundy belligerently round the flagpoles which surround the Mairie. The sky is grey and low, spluttering with sudden showers.

The President is late and the young mayor is getting nervous: the council sat up till 1 a.m. writing his speech and there are some stern passages about the problems of beef-rearing to be read out to the Head of State.

The villagers are frozen. Last year they put on a medieval pageant in the local abbey and they have put on the same costumes to add theatre to the President's visit.

King's fools

They huddle in the village hall — king's fools, men-at-arms, herdsmen, court ladies — fishing packets of cigarettes out of doublet and hose. The word is passed that the President is on his way. They rush out to take up stations along the road. It is a false alarm and it has started to rain. The retreat is rapid back to the warmth of the hall. The cigarettes come out again.

A shepherd with a bulbous nose, purple cheeks and bow-legs tacks across the square. "I came down from Paris this morning to put on this disguise," he confides. "I'm supposed to be a shepherd — seen any likely shepherdesses?" His companions chortle: he won't see 70 again.

This time the alarm is genuine. The mayors of the local communes shuffle into line in front of the town hall, tricolour sashes smoothed down against the unruly wind. The war veterans heavy with age and medals, stamp out their cigarettes and unfurl their banners. The loudspeakers groan protestingly into 18th-century music to heighten the effect and the mayor tugs his trim ginger beard anxiously as he goes to join the welcoming party.

Valery Giscard d'Estaing gets out of his car, the unpresidential overcoat left on the seat. He steps between the villagers, swamped from their sight by the crowd of television reporters recording his every gesture, retreating as he advances.

M. Giscard is every inch an enarque — a product of France's elite schools. He moves deliberately, inclining his head to the occasional spectator, now and again deviating for the symbolic handshake. Almost vulnerable in his manners he wears his presidential dignity as if it were a cloak that might slip off if he bent too far. "You can almost see him holding his breath" mutters the executioner, but not too loud because the presidency is still what General de Gaulle made it even if General de Gaulle is no longer there to fill it.

Madame Giscard d'Estaing is a few paces behind. She looks petite, cold, strained and almost haunted, though she tries bravely to chat to the children dancing with cold in their thin jesters' dresses.

There is no room for four on the Maire Steps: the mayor and his lady, the President and Madame Giscard d'Estaing. Someone hands up to her the posy of flowers she should have got earlier.

The mayor has begun his address of welcome. Monsieur le President might have the whole world on his shoulders but here its Precy-sous-Thil what matters and the price of feed-grain and the exodus of population from the village.

As he speaks the president smiles benevolently down at the knot of people listening in rapt silence as the mayor relays their Cahier de Doleances as French peasants have expressed their grievances for centuries. Then the mayor strikes the theme of unity: "We have neither the desire nor the means to divide us." The president notes the phrase: it is the message from "the real France" he has been seeking to redress the balance of the parties.

Valediction

The president starts to speak: the capital importance of agriculture, the need to develop tourism, how to make life on the farm attractive for young wives, the role of the artisan.

The villagers listen. All the generations are there, faces worn and warped, chiselled and knotted by the wind and the rain and the sun of the Burgundy uplands.

The speaker picks up the mayor's theme of unity and folds his notes. He slips off his spectacles and shouts his valediction: "Vive Precy-sous-Thil, vive blaze into the Marseillaise. The gendarmes stiffen, the crowd stands silent. The battle hymn of the Revolution is snatched up by the wind and hurled into the black elms behind the town hall.

The official party disappears into the town hall to sign the "golden book" of visitors. The gendarmes rev their motorcycles: the presidential chauffeur strokes the engine of the big Peugeot into a low purr. A final wave and he is off. The next stop is Vitteaux and it looks like thunder, while in Sombernon up the road the children in the nursery school are rehearsing for the umpteenth time the song they will sing to the President.

Brezhnev reappears after 26-day absence

BY DAVID SATTER

MOSCOW, Jan. 31.

MR. LEONID Brezhnev, the Soviet President, reappeared in public to-day after a 26-day absence during which he was said to be recuperating from a severe bout of influenza.

The 71-year-old Soviet leader met Mr. Piotr Jaroszewicz, the Polish Prime Minister, in the Kremlin, thus bringing to an end another of the ageing Kremlin leadership's recurrent and little explained absences in recent years.

Mr. Alexei Kosygin, the Soviet Prime Minister, also attended the talks with Mr. Jaroszewicz which concerned Soviet-Polish economic co-operation and specialisation of production in the two countries along lines agreed by Mr. Edward Gierek, the Polish leader, and Mr. Brezhnev in Yalta last summer.

Mr. Brezhnev showed no signs of ill health in a brief televised news broadcast on his meeting with Mr. Jaroszewicz but he is widely believed to have been seriously ill.

Although Mr. Brezhnev did appear in public at a Kremlin awards ceremony on January 5, he has actually been ill for most of the past two months. He was also out of public view during most of December after appearing on December 8 at the Red Square funeral for Marshal Alexander Vasilevsky.

During the course of his illness, Mr. Brezhnev cancelled a scheduled meeting with Mr. Foreign Minister, and failed to Sunao Sonoda, the Japanese see Mr. Hoari Boumedienne, the visiting Algerian President. He also cancelled a long-awaited visit to West Germany next month to allow him time to recuperate.

There is unlikely to be a full explanation of what was wrong with Mr. Brezhnev, but the question of the health of top Kremlin leaders is certain to grow more sensitive as more ruling Politburo members pass their 70th birthdays.

Mr. Kosygin, who is 73, disappeared from public view for three months in 1976 and was reported to have suffered a heart attack, and Mr. Brezhnev was not seen for more than a month in late 1975 and early 1976 after reportedly contracting pneumonia.

Mr. Brezhnev has some long-term health problems, including a heart ailment, jaw and dental problems and hearing difficulty. Diplomats who have met him have often been impressed by his lucidity and stamina but there have also given rise to exaggerated reports of physical incapacitation.

As has been customary during past periods of illness, Mr. Brezhnev's signature has appeared under various Soviet Government decrees in recent weeks, but the extent to which he is fully recovered may show in the speed with which he resumes his normally strenuous schedule in the weeks ahead.

IRELAND'S BUDGET

Fianna Fail's economic gamble

BY GILES MERRITT IN DUBLIN

NO PRIZES are being offered in Dublin for guessing the contents of this afternoon's Irish Budget. The question is whether or not it will work, and in advance of to-day's formal presentation to the Dail (Lower House) leading economists together with the central bank are suggesting it will not.

The elements of the package to be presented by Mr. George Colley, the Finance Minister, have been coming out thick and fast since before Christmas. On most recent evenings Government despatch riders have been calling at newspaper offices to deliver mounting piles of clues. Public service estimates, revenue estimates, public capital programmes, economic background documents and—the key to them all—a White Paper entitled National Development 1977-80. Taken together, they point to a free-spending, pump-priming "dash for growth" that will capitalise on the current boom in Ireland to try to cure structural ills.

The Fianna Fail Government's economic strategy is contained in the manifesto that, last June, helped it to oust the Cosgrave coalition in a landslide. In essence Mr. Jack Lynch's party promised those three great political stand-bys—lower taxes, more jobs, higher living standards. But it also outlined a master plan for shaking up the economy, and as a vote-catching flourish pledged the abolition of rates on all dwellings and of road tax on all but large cars. The latter, and a £1 cut in the social welfare stamp for lower-paid workers, were put into effect almost immediately, and the abolition of rates, costing revenue of £80m., is in the pipeline.

There remain the income-tax concessions embodied in the manifesto, and with the budget being looked on by the electorate as a test of political sincerity, they are almost certain to come to-day. The tax cuts are designed to be contingent on a 5 per cent. national wage agreement that the unions are so far stubbornly resisting, but it is unlikely that Mr Colley will risk withholding them. The frills of budgetary policy will include modifications of capital gains, capital acquisition and wealth taxation, and no doubt measures intended to stimulate industrial investment in the private sector. More farmers will find themselves inside the tax net, Value Added Tax will be fine-tuned, and excise duties adjusted. The impression aimed for will not be of a give-away budget, but of a sober and carefully considered piece of social legislation.

The real significance of the 1978 Finance Act will be that it is the statutory instrument implementing Fianna Fail's self-confessed "gamble" with the economy. That was how Dr. Martin O'Donoghue, the economist turned politician who heads the newly-created economic planning ministry, described the three-year programme outlined less than a month ago in his White Paper.

Briefly, Ireland's economic position is this. In the second half of last year, thanks to having a small and export-orientated economy, the Irish Republic shot to the top of the EEC growth league. Highly sensitive to accelerations of world trade it achieved a GNP growth rate of over 5 per cent., and for this year and the following two is aiming realistically at annual growth rate of 7 per cent. Thus, Ireland's GNP of rather less than £4.5bn. in 1976 should be £7.7bn. in current prices by 1980, assuming the Government's target of halving the 1977 inflation rate to 7 per cent. by the end of this year and then pegging it at 5 per cent. annually. If it can sustain such growth, Ireland will confound critics who have been forecasting that it was doomed to lag farther and farther behind the rest of the EEC in terms of living standards.

The past six months have seen a dramatic change in Ireland. Suddenly the Republic no longer is at the bottom of all the EEC performance charts, business confidence has leaped ahead and Dublin Stock Exchange has outperformed London. But the transformation is skin deep. Unemployment is still over 12 per cent. and presents so deeply rooted a structural problem that finding a solution is the core of Fianna Fail's policies. Some calculations now suggest that one in five of Ireland's population of 3m. plus are on or near the breadline, and thanks to western Europe's highest birthrate, job creation in Ireland has had to run to a standstill.

Mr. George Colley

Mr. Lynch and his cabinet are convinced that if they fail to solve that particular crisis, they could, in 1981 or 1982, be defeated by a swing as strong as that which brought them to power. Their programme is intended to reduce the numbers of unemployed from the present estimated 155,000 to 80,000 by 1980. To achieve it, they are relying on growing foreign investment, export-led growth and, in the short term, increased public spending. And that is where a number of leading economists, and the central bank, take issue with the Government. During the last few years in the economic doldrums the Cosgrave Government borrowed heavily—servicing the £4.5bn. national debt now mops up a quarter of state spending—and yet Fianna Fail intends through to-day's Budget to increase government borrowing still further.

Last year it was equivalent to about 10 per cent. of GNP, and for 1978 that ratio is being pushed to 13 per cent. Gambling that he can use public sector employment and the construction industry as a flywheel that will help the whole economy to turn faster, Mr. Colley hopes that he can quickly boost the state revenues before the deficit gets out of hand. By 1980 he and Dr. O'Donoghue aim to reduce the borrowing requirement down to 8 per cent. of GNP.

The Government's critics argue that this can only work if a very specific set of spare capacity and future demand conditions coincide, and they claim that this is not going to happen. The danger that Mr. Colley and Dr. O'Donoghue are therefore being warned against is that their policies could cripple the state's finances while only marginally improving employment.

The Lynch Government is convinced that its strategy is correct, although senior ministers have conceded privately that there is an element of risky split-second timing involved. To achieve the ambitious objectives of halving unemployment and reducing public spending, while maintaining high growth and low inflation, the various forecasts the Government has made must fall neatly into place. But now the central bank has warned that exports may be lower and imports higher than has been assumed officially, and this week there has been a warning from Cooper's and Lybrand, the management consultants, that 1978 could see GNP growth of only 5 per cent.

Most worrying of all, there remains the unresolved question of wage restraint. The national pay talks have just collapsed, with the trade unions clearly refusing to settle for the 5 per cent. increase which the Government wants. The negotiations should resume after the Budget has been digested. Even if the unions do not seriously expect to receive the 12 per cent. wage increases they are demanding, the sort of settlement they can reasonably hope for could have serious consequences. The Economic and Social Research Institute in Dublin, which advises the Dublin Government, has said that any pay increase much over 7-8 per cent. could stop the economic recovery and lead on to "minimal growth" in 1979.

Sour notes aside, it should be stressed that the Lynch Administration is so far looking well on its handling of the economy. Apart from the recent dramatic improvement in the Republic's economic performance — and therefore its morale—there is now a clear-cut programme for tackling the medium- and long-term problems that the previous government often seemed to pretend did not even exist.

Warning of EEC coal shortage

BY DAVID BUCHAN

BRUSSELS, Jan. 31.

THE EUROPEAN Coal Producers' Organisation, Cepceo warned to-day that unless EEC governments took action to encourage coal use and stem rising imports, the industry's long-term ability to meet the Community's energy needs would be endangered.

Dr. Karl-Heinz Bund, president of Cepceo, which groups producer organisations from the U.K., West Germany, France and Belgium, said here that the immediate aim was to win back for Community producers at least 10m. tonnes lost in the growth of imports from countries outside the Common Market.

This, he said, would bring the Community back "within striking distance" of the target set by the Council of Ministers in 1974 of 255m. tonnes in EEC production by 1985.

EEC coal production, reduced by short-time working in several major coal fields, fell last year to 220m. tonnes, imports rose to 48m. tonnes, while Community producer stocks of coal and coke rose to 50m. tonnes.

Cepceo fell short of demanding the introduction of tariffs or quotas on imports, however. M. Paul Gardent, director-general of Charbonnages de France, said: "We cannot build a Chinese wall around the industry." France, though one of the four EEC coal-producing countries, is also a big importer of third-country coal.

Instead, the cost of using more EEC coal should be split between the Community, national governments, power companies and consumers, M Gardent said.

What Cepceo is asking the Community to do on an international level is negotiate restraint with third-country coal suppliers, as it is now doing for steel.

Poland, which level pegs with the U.S. as the biggest exporter to the EEC, again was the target to-day for accusations of dumping. Coal producers have long claimed that Poland, which in 1976 exported 16m. tonnes to the EEC—sometimes at prices 30 per cent. below EEC prices—is dumping.

However, EEC officials said later to-day that the Commission still was not planning to take any action, because the concealed nature of Polish production costs made proof of dumping impossible.

Cepceo is also asking for EEC aid to build more coal-fired power plants, the extension beyond 1981 of coke stocking subsidies and the introducion of a general EEC stocking aid.

Energy Ministers of the Nine have been unable to agree on any of these—for the simple reason that in the Common Market the coal-producing member States, who do not always agree even among themselves, are outnumbered by the five purely coal-consuming states, who share an interest in cheap coal, usually imported.

Mr. G. C. Shephard of the U.K. National Coal Board, hit out at the Council of Ministers for reneging on the target they set in 1974 for future coal production and said that since then Britain had "quadrupled" its investment in coal.

The NCB, which mines more than half of all EEC coal, is investing £340m. in 1977-78 alone. All this had been based, Mr. Shephard said, on the "pledge" by the council to maintain coal production.

Powers grow in external affairs field

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE EXPANSION of EEC powers and the limitation of member states' freedom of action in the field of external economic relations have far outstripped progress in arranging consultations between Community institutions and scrutiny by national parliaments, according to Professor K. R. Simmonds, Professor of International Law at the University of London.

Delivering his inaugural lecture in London yesterday, Prof. Simmonds pointed out that the European Court has failed to pay attention to the rules of international law applying to external agreements of the Community and its members. He regretted that the Court did not draw a line between the internal powers of the Community relating to national fisheries waters, on the one hand, and its external powers relating to high seas on the other. This, he said, will necessarily have a bearing on issues concerning the exploitation of the mineral resources of the seabed.

The significance of the issues raised by Professor Simmonds is indicated by current Community developments. The lecture came at the height of the fisheries dispute in the Council of Ministers, and on the opening day of negotiations in Brussels for a commercial treaty between the EEC and China—which has in turn raised expectations of a further intensification of the Commission's contacts with Comecon countries.

On top of this the Community has some 80 treaties in force with over 90 non-member States in all parts of the world. It is estimated that agreements in force at the end of 1975 alone would fill some 7,000 pages of the Collection of Agreements published jointly by the Council and the Commission.

Analysing the European Court's judgments concerning export credits and fisheries, Professor Simmonds said that the Court established the Community's capacity to enter into international commitments over the whole listed field of objectives in Part I of the Treaty of Rome.

As far as commercial agreements are concerned the power of the Community is exclusive. In other fields, including fisheries, the Court left to member States a residual, concurrent power until such time as the Community itself exercised its own functions. In respect of fishing, however, all the power will be concentrated exclusively in the Council from the sixth year after Accession, that is from January 1, 1979.

The European Court's requirement that member states which exercise their residual "concurrent" powers should proceed by "common action" may be important should the present fisheries disagreements lead to further legal disputes.

U.S. Eximbank agrees Turkey guarantees

The U.S. Export-Import Bank approved guarantees covering $1bn. in commercial bank loans to Turkey, AP-DJ reports from Washington. Eximbank officials said these loans, to be extended to Turkey's central bank by private lenders, would be used to "restructure and consolidate" short-term supplier credits which Turkey has had difficulty in repaying. The Eximbank did not identify the U.S. lenders, although it is understood that Citibank of New York, is primarily involved.

Oilfield stoppage

A pay strike at an oilfield in Diyarbakir province, eastern Turkey, has cut the country's oil production by more than half, Reuter reports from Ankara. The stoppage by some 130 men employed by Shell has stopped all production from the company's wells, which normally yield around 28,000 barrels a day.

East German travel

East Germany said yesterday that 73 per cent. of its population travelled abroad last year, and urged a United Nations human rights committee in Geneva to look at its laws restricting movement in an "objective and unbiased way," Reuter reports.

Swiss refuge

Switzerland granted asylum to 1,055 people last year, nearly half from Eastern Europe, official figures disclosed yesterday, Reuter reports from Berne.

Strasbourg bid

Strasbourg is to build a new "European quarter" in a bid to tempt the European parliament to set up headquarters there, Reuter reports. Mayor Pierre Pflimlin, staking Strasbourg's claim for the headquarters, announced that offices, homes and meeting rooms would be built for the "Eurocrats."

W. German reserves

West Germany's net currency reserves rose DM900m. in January, taking the rise in the four months October-January to around DM12bn., Bundesbank president Otmar Emminger said yesterday, Reuter reports from Frankfurt.

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IMF team may visit Zambia in February

By Michael Holman

LUSAKA, Jan. 31.

AN INTERNATIONAL Monetary Fund (IMF) delegation is expected in Zambia shortly to discuss terms of assistance to the country's hard-pressed economy. No official announcement has yet been made, but well-placed sources said to-day that the visit should take place in mid-February.

Banking and other business sources here are hoping that assistance could total some SDRs.400m. ($486m.), part of which would go towards clearing Zambia's import pipeline—goods ordered but not paid for—of about £285m. and stretching back over 12 months in some cases.

Were assistance on a substantial scale to be forthcoming, it would help explain President Kaunda's frequently expressed belief that the economy should pick after mid-year, in spite of existing problems.

The move, which follows last Friday's tough budget, is not unexpected. Last November an IMF delegation, headed by Dr. M. Russo presented President Kaunda with a frank assessment of the country's economic difficulties, due mainly to the sustained slump in copper prices. It has led to balance of payments deficits of £188m. in 1975, £97m. in 1976 and about £160m. last year.

In an interview on the same day, Dr. Kaunda said it was an assessment with which his economic advisers concurred, and indeed had reached independently.

Concern

Most observers agreed that among probable areas of discussion with the IMF were the rapid increase in recurrent Government spending, and the level of capital expenditure and subsidies. There was also concern, publicly shared by Government officials, about the rate of Government borrowing from the Bank of Zambia.

Mr. John Mwanakatwe, the Finance Minister, presenting the budget last Friday, pointed out that recurring spending had soared from £313m. in 1974 to £484m. last year. The 1978 budget saw cuts of 4.4 per cent. and 11.4 per cent. respectively in recurrent and capital expenditure, and a reduction in subsidies. Given an inflation rate of 20 per cent. last year, the cuts are substantial in real terms.

Government officials to-day maintained that last Friday's budget, which involved substantial spending cuts, should not be seen as fulfilment of any IMF preconditions. But they acknowledge it would "have a bearing on the type of arrangement reached."

Urgent assistance is required with the balance-of-payments problem, a symptom of which is the £285m. import pipeline, described by one leading businessman recently as an unofficial forced loan which damages Zambia's international creditworthiness. Some overseas suppliers are now refusing to extend credit, with the result that many firms face acute shortages of imported materials.

Alter oil-dollar link, says Kuwait

BY ANTHONY McDERMOTT

KUWAIT has publicly suggested that the Organisation of Petroleum Exporting Countries (OPEC) should seek a basis other than the U.S. dollar for calculating oil prices. The suggestion came the day before a meeting in Geneva of the Oil Ministers of Kuwait, Saudi Arabia, Iraq, Iran and Venezuela, to discuss price levels for varying types of heavy crude.

Earlier this month Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, confirmed his countries position that oil prices should be frozen for the whole of 1978. But he added that if the value of the dollar continued to fall they might have to be calculated on the basis of "several currencies."

Yesterday, Mr. Abdel-Muttaleb al-Kazimi, Kuwait' Oil Minister was quoted in three Kuwaiti newspapers and in al-Jazirah, the Riyadh daily, as saying that OPEC should tell the U.S. it had to maintain the dollar's value.

If not, he said, "we should search for another means either by adopting special drawing rights or other currencies." He called for a "new pricing formula based on a five-year period during which prices would automatically be raised every six months or a year in a reasonable and acceptable manner." Mr. Kazimi claimed that the decline of the dollar had caused heavy losses to Kuwait—"about 20 per cent. in the value of our oil"—and to other major oil-exporting countries.

On January 17, Kuwait announced a reduction in Government sales prices for 31° API crude of 10 cents per barrel, from $12.37 to $12.27, with effect from the beginning of this year.

Egypt, Israel resume military talks

BY ROGER MATTHEWS

CAIRO, Jan. 31.

MILITARY TALKS between Egypt and Israel resumed here to-night after a break of two and a-half weeks. The resumption tended to be seen here as more a desire by both sides to maintain the bridges that have already been built rather than as an opportunity to make substantial progress.

Mr. Ezer Weizman, Israel's Defence Minister, said on arrival in Cairo that he would be trying for real results and that the meetings should not be characterised as just "talks."

There were all sorts of problems to discuss, he added, and the meetings were "another link in what is unfortunately a difficult road towards that which we all want, that is a lasting peace between our two countries."

Mr. Alfred Atherton, the U.S. Assistant Secretary of State, who arrived here last night from Israel, to-day discussed with Mr. Mohammed Kamel, Egypt's Foreign Minister, the latest suggestions from Jerusalem for ways of breaking through the political deadlock.

U.S. officials emphasised that these were exploratory, informal talks, a view also expressed by Mr. Kamel. "We heard from Mr. Atherton views which he brought from the other side and we are studying them," he added.

Irene Furness writes from Algiers: Four Arab foreign ministers and Palestinian delegates began a conference here to-day to prepare for a summit meeting scheduled to start on Thursday. The meeting, which was opened by Mr. Abdel-Aziz Bouteflika, Algeria's Foreign Minister, at the Aurassi Hotel on a hill overlooking the bay of Algiers, groups those Arab countries and the Palestine Liberation Organisation (PLO), which are opposed to President Sadat's initiatives.

However, the importance of the coming summit, which is being attended by Algeria, Syria, South Yemen, Libya and the PLO, has been greatly diminished by the absence of Iraq.

A spokesman for the meeting here said to-day that an agenda had been decided on at closed sessions and that the conference would study ways of implementing decisions taken at the Tripoli summit.

S. Africa examines prisoner rules

BY QUENTIN PEEL

CAPE TOWN, Jan. 31.

NEW MEASURES for the protection of political detainees and prisoners in South Africa are being considered, and all police instructions on their treatment are being reviewed, Mr. Jimmy Kruger, Minister of Police, announced in Parliament to-day.

He was answering the first full-scale Parliamentary criticism over his handling of the death in detention of Mr. Steve Biko, the black consciousness leader, and he revealed that the record of the Biko inquest had been referred to the Transvaal Attorney-General, the senior law officer in the province, to decide whether any policemen should be prosecuted.

However, Mr. Kruger defended the actions of the security police in Port Elizabeth, where Mr. Biko was held for three weeks before he died.

ON OTHER PAGES

THAILAND'S VITAL RICE CROP

A shortage may provoke political trouble

BY RICHARD NATIONS IN BANGKOK

RICE IS politics in most of Asia, and is of particular political importance in Thailand—the world's largest rice exporter last year. Now bad harvests at home and rising export prices threaten an acute shortage of this vital staple, whose price fluctuations also have a crucial influence on the country's inflation rate in general.

Thailand's last military Government to allow over-exports following a bad harvest—that of Field Marshal Thanom Kitikachorn—was toppled by massive street demonstrations four months later in October 1973, partly as a result.

The situation is even more delicate now. With the baht tied to the dollar, it is falling in value, and this promises to increase inflation anyway. The sort of double digit inflation expected this year has always meant political trouble in Thailand.

So far however Thailand's Prime Minister and Supreme Commander, Gen. Kriangsak Chamanand has managed to preserve the goodwill of Thai unions by promising liberalisation while retaining the martial law ban on strikes during a time of declining real wages. But a serious mishandling of the rice market could easily provoke a return to widespread wildcat strikes.

Commerce Ministry officials however are confident that the Government's complex export controls—quotas, export taxes and compulsory sales by private exporters to the Government warehouses—has been finely tuned since the days of Field Marshal Thanon.

Tightened

The harvest this year is estimated at only 13.5m. tonnes, 12 per cent. down from last year's record 15.45m. tonnes. This will allow only 1.2m. tonnes for export, less than half last year's 2.85m. tonnes. But with export prices having risen to $337 per tonne by the end of last year, the Government has tightened up the controls to prevent export dmand from running away with domestic supplies.

A 500,000 tonnes export quota was announced for the first quarter of 1978, around 42 per cent. of the estimated total for the year. Simultaneously last month, the total tax "burden" imposed on private rice exporters—export taxes and premiums as well as loses on compulsory sales to supply the Government's cheap rice sales to the urban poor—has increased roughly from the $77 per tonne prevailing earlier in the year to $82.50—roughly 24 per cent. of the export price.

Officials are confident the controls will work and exports will be contained within desired limits. This means ceding first place in the world rice exporter's league to the United States. It also means foregoing the opportunity to break into the Vietnamese market—this year Vietnam is projected to import well over 1m. tonnes.

Priority

Bangkok has decided to give first priority to ASEAN countries and its traditional market Hongkong, which together will take up most of the exportable surplus. Indonesia alone, for instance, is expected to import 1.9m. tonnes.

The Government is also keen to manage these exports to benefit the farmers. Thus over two-thirds of the first quarter's export quota will be handled by government to government contract sales (to Indonesia and Japan) to ensure a stable demand on the rural paddy market during the first three months of the year when the bulk of the harvest is sold, particularly by poor farmers.

The current price of paddy is about 2,800 baht per tonne—15 to 20 per cent. above this time last year. Since rice production this year fell by only 10 per cent. due to droughts and floods the farm sector should be better off in aggregate, although there are of course pockets of acute distress in drought hit areas.

Meanwhile, the Government has stepped up its sales of cheap rice to the poor in Bangkok at prices subsidised by compulsory sales from the private exporters. This has helped to keep the free market price in line also. But there has been a worrying upward trend in the past two weeks which officials are watching closely.

Stabilise

The Thai Government is reasonably well equipped to stabilise domestic rice and paddy prices when production is short and export demand brisk. This is partly because the machinery costs nothing. Indeed, the various taxes, premiums and quotas yield revenue.

It is quite a different story at the other end of the trade cycle, when over-production threatens a glut pushing prices through the floor. The buffer stock scheme necessary to implement an effective price floor policy costs no less than 2.5bn. baht on the Commerce Ministry's own estimates.

Investment

Most previous administrations have only window-shopped in this line and turned away when presented with the price tag. A growing number of officials, among others, however, now think the Kriangsak Government will have to make the investment now if it is to be able to stabilise farm-gate prices after the next bumper harvest—and if it is to redeem the first pledge of Kriangsak's domestic programme of giving a better deal to the farmers.

Cambodia warning on regional balance

BY RICHARD NATIONS

BANGKOK, Jan. 31.

CAMBODIA to-day welcomed a high-level visiting Thai delegation with a direct appeal to link the well-being and neutrality of the whole of South-East Asia with its own survival as an "independent and sovereign state."

In an obvious reference to what Phnom Penh has frequently denounced as Hanoi's attempts to invade and annexe Cambodia, Mr. Ieng Sary, the Khmer Deputy Premier for Foreign Affairs, said: "If democratic Cambodia does not enjoy peace and security due to any act of aggression . . . other countries in South-East Asia will also not enjoy peace and security."

Mr. Sary's remarks came in a banquet speech honouring the arrival of Dr Upadit Pachariyangkul, the Thai Foreign Minister, who is heading an 18-man goodwill mission to the Cambodian capital to normalise relations and exchange ambassadors with Phnom Penh.

Observers here see Mr. Sary's speech as an attempt to alert Thailand and other ASEAN countries to the threat they too will face if the regional geopolitical balance is tilted in favour of Hanoi by the collapse of the Pol Pot regime. This line has already provoked a quiet response among Thai officials who have recently allowed themselves to be quoted anonymously in the Bangkok Press as "concerned" by a Vietnamese take-over in Cambodia."

The Thai Foreign Minister's banquet speech dwelt on Bangkok's oft-repeated desire to abide by the principles of peaceful coexistence with Cambodia. But in an apparent reference to the Thai Communist Party operating from bases in northern Cambodia, Dr. Upadit said he "regretted" that a "third party" had provoked "misunderstandings and untoward acts" along their mutual frontier.

Gandhi loses over symbol

BY K. K. SHARMA

NEW DELHI, Jan. 31.

THE SUPREME court to-day rejected Mrs. Indira Gandhi's appeal against the Election Commission's decision not to award the symbol of the Congress Party to her.

With this, she suffered another setback in her bid to capture control of the organisation.

She formally split the Congress early this month and the grant of the symbol, the cow and calf, to her faction would have meant its recognition as the official Congress.

With this, Mrs. Gandhi will have to begin from scratch in the elections in six states to be held on February 25 and in which she must make a good showing if she is to stage a political comeback.

The Janata Party—which must also do well in the elections if it is to establish itself as a national organisation—is in trouble because of claims for seats by its five constituent units.

It has also failed to make electoral adjustments with the powerful Marxist Party in most of the six states as well as with other non-Congress parties in the key state of Maharashtra.

JAPANESE INDUSTRY

MITI forecasts more jobless

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Jan 31

ONE out of eight workers in six major recession-struck Japanese industries may have lost their jobs by the end of the current fiscal year the Ministry of International Trade and Industry has warned in a "policy document" distributed to other Japanese ministries concerned with economic policy.

The industries concerned are electric furnace steel making, aluminium, synthetic fibres, cotton spinning, wool spinning, paper and board and chemical fertilizers.

Miti estimates the number of employees in the six industries at the end of fiscal year 1976 at 266,000 and estimates that this figure will have fallen to 232,000 by the end of the current fiscal year April 1, 1978.

It also paints an alarming picture of the low levels of capacity utilisation and the chronic unprofitability of all six industries. The electric furnace steel makers, says Miti, are operating at 50 per cent. of capacity according to the official index (but the true figure is about 10 per cent. lower because the index is based not on theoretical full capacity but on actual operating levels in 1970).

In other industries capacity utilisation rates range from 80 per cent. for cotton (down 14 per cent. from one year ago) to 62 per cent. for fertilisers. (In each case the real figure is believed to be some 10 per cent. lower than the index figure.)

Miti surveyed the business situations of main companies in each of the six industries and found that all eight leading electric furnace steel makers were running at loss while six out of seven synthetic fibre makers and all six major aluminium refiners are in deficit.

Five out of the eight steel makers are expected to pass their dividends this year as well as the six aluminium companies and five out of seven synthetic fibres companies.

The Miti report has not been published and copies were not available this afternoon to foreign correspondents. It has, however, ben extensively leaked to the Japanese Press in a form which a senior official of the Ministry Industry Policy Bureau described this afternoon as "substantially correct." The document is intended to influence inter-Ministerial and Cabinet consultations on proposals for sweeping new legislation which would give Miti the right to mastermind the rationalisation of recession-struck industries.

Miti has drafted a law which would make available emergency low interest rate loans for companies to scrap excess facilities and at the same time promote the formation of recession cartels under Miti guidance. The draft has been bitterly attacked by the Fair Trade Commission which appears to believe that Miti is using the plight of some industries as an excuse for drastically extending its powers to control industry.

Some of the industries to which the new legislation would apply have also launched vigorous attacks on it. The strongest condemnation so far seems to have come from the electric furnace steel makers who have described the powers Miti proposes to give itself as "fascistic."

The Miti legislation was originally supposed to go before the Diet this week but the ministry admitted to-day that it was redrafting the Bill in the face of almost universal criticism and would need ten days or so to come up with a revised version. Officials at the Miti Industry Policy Bureau were expecting to stay in the office through the night.

JAPAN'S industrial production index grew by 4.5 per cent. in calendar year 1977 or about one-third as fast as in 1976 according to preliminary figures published to-day. The year ended with a provisional 0.3 per cent. decline in December following a 2.9 per cent. rise in November.

On a quarter-to-quarter basis industrial production rose 0.5 per cent. and 0.9 per cent. in the first two quarters of last year, fell 1 per cent. in the third quarter and then rose 2.2 per cent. in the last quarter.

The Ministry of International Trade and Industry is forecasting a 1.6 per cent. rise in production for January followed by a 2 per cent. decline in February—in other words a continuation of the see-sawing tendency which has characterised the past few months.

Last November the industrial production index just passed its previous historical peak of November 1973, bringing Japanese industry effectively back to where it had been four years earlier.

AMERICAN NEWS

W. Germany wins contract to supply U.S. tank gun

BY DAVID BELL

WASHINGTON, Jan. 31.

THE U.S. formally announced to-day that West Germany has won the contest with Britain to supply a new gun to be used on the main U.S. battle tank after the mid-1980s.

But Mr. Clifford Alexander, the Secretary of the Army, said that it was likely that most of the first 3,000 U.S. XM1 tanks will be equipped with existing U.S 105 mm guns. The XM1, due to go into service in 1980, is expected to continue in production until 2,000 and the Secretary said that "thousands" of U.S. tanks would thus be armed with a German gun.

The date for the first installation of the German 120mm. smooth-bore gun will not be set until further testing has been completed three years from now. The Defence Department said it expects that, from 1984, the XM1 will have a German-designed gun, produced under licence in the U.S. and slightly modified to fit the U.S. tank.

As expected, the announcement to-day marks the end of British hopes to supply the new gun. The British army had worked furiously to prepare its 120 mm. rifled-bore weapon for tests which the U.S. held last year. Mr. Alexander said that the British and German weapons had performed "equally well, although the German gun was slightly more mature."

The Secretary said that the U.S. army had finally opted for the German gun, because the large number of German Leopard tanks in Germany would mean far greater "inter-operability" within Nato front-line forces by the end of the next decade. Britain has some 900 Chieftain tanks in Germany or ear-marked for service there, whereas the Germans have five or six times that number of Leopards.

The Carter administration has repeatedly emphasised the need for greater inter-operability within Nato, in line with its increased commitment to the alliance. The Germans have put great pressure on the U.S. to accept the German gun, and this agreement may set the tone for future cooperation. would continue to work with Britain on new ammunition technology, and did not rule out the possibility that eventually the XM1 might fire British ammunition.

Although the announcement will be welcomed in Bonn, it is by no means the end of the German gun problems. The U.S. is not promising to install the gun for a further six years, and even this commitment was qualified this morning by Mr. Alexander who said that its installation was subject to the proviso that the gun "meet tests between now and 1981."

Furthermore, the Pentagon now has to satisfy Congress that the extra expense—which Mr. Alexander put at about $16,000 per tank—is justified. In particular, it must meet the other objections expected from Congressman Sam Stratton, chairman of the House Armed Services Investigations sub-committee.

Although he will be somewhat mollified by the fact that the Pentagon has now persuaded the Germans to allow the gun to be produced under licence in his home state of New York, he has already expressed doubts about the need for the 120mm gun. There has been widespread scepticism within the U.S. Army about the need for a 120mm gun. Some military analysts reckon that it is marginally only more effective against existing Soviet armour than the 105mm gun.

Mr. Alexander conceded this to-day but said that the German gun would be much more effective against future generations of Soviet armour.

Adrian Dicks adds from Bonn: The West German Defence Minister, Herr Georg Leber, said that the decision was "a milestone in the realisation of the two-way street in NATO procurement announced by President Carter."

The 120mm gun, as their only serious weapons sales prospect, had assumed great political importance to the West Germans. Bonn sets no less store on the U.S. official attitude towards the A-300 European Airbus, now well into its six-month trial with Eastern Airlines.

Canadian Minister quits over forgery

By Victor Mackie

OTTAWA, Jan. 31.

MR. FRANCIS FOX, the Canadian Solicitor-General, has resigned from the Cabinet because it became known that he once forged a document to help a married woman, with whom he had had a liaison, to obtain an abortion.

Mr. Fox (38), made the announcement in the Commons, leaving MPs stunned. Mr. Pierre Trudeau, the Prime Minister, had learned of the indiscretion a week ago. There is no indication as to who told him. Mr. Trudeau denied that there had been any attempt at blackmail.

Mr. Fox will continue to sit as an MP. He has been in touch with the Ontario provincial Attorney-General, Mr. Roy McMurtry, who is sending police from Toronto to take a statement from Fox. The Canadian criminal code provides a maximum penalty of 14 years in prison for persons convicted of forgery.

Mr. Fox told the Commons, "A few years ago before I entered the Cabinet, I was involved in a brief liaison with a married woman who became pregnant. She subsequently applied for and secured the required permission for a therapeutic abortion. On admission to hospital, I signed in the name of her husband on the admitting document."

The Justice Minister, Mr. Ron Basford, has been named acting-Solicitor-General.

Carter economic plans endorsed

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Jan. 31.

PRESIDENT CARTER'S economic policy initiatives have received a rather surprising endorsement—with relatively few caveats—from the Business Roundtable, one of the most influential corporate lobby groups.

This stands in contrast to the generally-mixed reception to the budget, the tax cut package and the voluntary anti-inflation plan elsewhere.

Congress, in particular, seems intent on dismembering and then re-arranging the tax programme in a substantially different manner than that advanced by the President.

The Roundtable, however, in a statement issued last night, said that the effect of the President's recent economic pronouncements should help dispel corporate uncertainty over the Administration's economic policy.

It said that the size of the tax reduction—about $24.5bn.—was about right for stimulative purposes, although it suggested that the effective date for the cuts should be advanced to July 1, rather than October 1, as proposed by the Administration.

The statement, issued under the names of Mr. Irving Shapiro, chairman of Du Pont, Mr. Reginald Jones, chairman of General Electric, and Mr. Thomas Murphy, head of General Motors, even expressed guarded approval of the voluntary anti-inflation consultative process. This has been roundly attacked by business and labour as a step on the road to ultimate wage and price controls. The Roundtable groups together the heads of 50 of the largest American corporations.

The statement agreed that "any involvement of Government in wages or prices is unsettling" but said that business leaders should meet Government officials if they were assured that such sessions would be conducted outside "the full glare of publicity."

The exceptions that the Roundtable took come as no surprise. They are the proposed phase-out over three years of the export subsidy known as DISCS and of the tax deferral on foreign earnings.

These proposals, the statement said, "would seriously add to the tax burdens of U.S. companies in the competition for export business" and seemed "especially counter-productive at a time when our country is running a trade deficit approaching $30bn. a year."

On Capitol Hill, approbation of the tax package, in particular, was almost impossible to find. Congressman Al Ullman, chairman of the Ways and Means Committee, stated that there would be "a different mix" of tax cuts, with a net stimulus of more like $15-20bn. than the $24.5bn. which the Administration believes is required to serve economic needs.

Leading indicators rise

BY OUR OWN CORRESPONDENT WASHINGTON, Jan. 31.

THE U.S. INDEX of leading economic indicators, which points to future economic activity, rose by a vigorous 0.7 per cent. in December, according to preliminary figures released today by the Commerce Department.

This is appreciably above the November increase, which was revised to a mere 0.1 per cent. It bolsters the Carter Administration's contention that the economy is presently "sound."

Certainly, the most encouraging single element in the information released to-day was the growth in December for new orders and contracts for plant and equipment.

The Administration is predicting that capital investment, an important factor in continued economic expansion, will grow by 7-8 per cent. in real terms this year. However, other surveys have suggested that this may be too optimistic a projection.

Although monthly figures are fallible guides, the December findings appear to lean towards the Administration view.

Grenada arms purchase queried by U.K.

By Hugh O'Shaughnessy

THE POLICY by Grenada of buying military equipment from the Chilean Government, while receiving large quantities of development aid from the Overseas Development Ministry in London, is being questioned by the British government.

It is likely that, when Sir Eric Gairy, the Grenadian Prime Minister, makes his next application for British funds, his arms-buying policy will be examined before British aid is made available, according to officials in Whitehall.

Sir Eric's government and the Chilean administration have had an increasingly close relationship in the past two years, a Chilean military mission has visited the island, and Grenadians are in Santiago receiving training in security techniques.

Chile is selling Grenada military equipment, albeit in small quantities for the security forces of a country of which the population is only about 100,000.

Last year, Britain gave Grenada £436,879 in capital aid and £29,737 worth of technical co-operation. There has been criticism in the past that quantities of British aid have not been properly accounted for.

As a result of the visit of Mrs. Judith Hart, the Overseas Development Minister, to the Caribbean last month, aid policy towards the Gairy government is being reviewed. It is understood that other governments of the Caribbean have been told of the British view on the matter, and are unlikely to take issue with Whitehall if the cuts are imposed.

New military Premier in Peru

LIMA, Jan. 31.

GENERAL Oscar Molina Palinchia, the Peruvian armed forces chief, took over as Prime Minister to-day, following the retirement of his predecessor.

Gen. Guillermo Arbulu Galliani, Premier since July, 1976, automatically gave up his government posts on reaching the age to retire from the army's active list. His additional positions as War Minister and commander of the army, are also being taken over by Gen. Molina, who is a close friend of the President, Gen. Francisco Morales Bermudez.

President Morales, 57, also now retires from active duty, but is to stay on as head of state for the next three years. He was confirmed in his job last May by the three-man military junta, until Peru returns to civilian rule through general elections scheduled for 1980.

Gen. Morales came to power in August, 1975, when he toppled the more radical Gen. Juan Velasco Alvarado in a coup within the military hierarchy.

Gen. Molina was political commissar of the sugar co-operatives under the late President Velasco.

He will be succeeeded as head of the armed forces by Gen. Pedro Richter Prada, who was interior Minister under President Velasco for nearly five years and who has considerable influence at many levels in the army officer corps.

Reuter

Judge disallows oil lease sale

By Stewart Fleming

NEW YORK, Jan. 31.

A FEDERAL Appeal Judge rejected attempts late yesterday to allow a proposed sale of off-shore oil exploration leases near Cape Cod to proceed. The sale was to have taken place this morning in New York.

The judge supported the state of Massachusetts, which opposed the lease sale and called for environmental safeguards to be effected before the auction occurred. Opponents of the lease sale have emphasised the importance of the Georges Bank, the area being leased, as one of the richest fishing grounds in the world.

The Appeal Court judge said that few issues could be more important than that involving the future of the oceans and life within them. The Government indicated that it will seek an expedited hearing to appeal against the ruling in the Supreme Court.

DROUGHT ENDING IN CALIFORNIA

January cheers farmers

BY ART GARCIA IN SANTA BARBARA

ALTHOUGH STILL cautious, some officials in California are beginning to hope that the two-year drought which has parched the state finally may be over. A steady three-week soaking by a series of storms from off the Pacific raised hopes and reservoirs, prompting some communities to begin easing water restrictions and rationing.

So thorough was the drenching, that flooding and widespread storm damage replaced lack of rainfall as the current crisis.

Up to the middle of the month, it has been the wettest January since 1969, dumping more than six inches of rainfall on the Los Angeles area or more than twice the normal amount for the season. Reservoirs in Marin County north of San Francisco, which had the most stringent water restrictions in the state, by mid-January had reached 87 per cent. of capacity. In Santa Barbara County, 100 miles north of Los Angeles, rain during one recent downpour fell at a rate of an inch an hour for four hours and local dams began spilling over into flood control streams.

"The drought is over for this year," is the guarded assessment of Mr. Ronald Robie, director of California's Department of Water Resources, but he quickly adds that next year could be a dry year. The state's Drought Information Centre, while conceding the particularly hard hit northern part of California has received above normal moisture, still is reluctant to admit the drought has ended.

Reservoirs that store snow melt run-offs from the Sierra Nevada Mountains still are substantially below normal levels. It points out, and ground water supplies in the central San Joaquin Valley farm belt are 6.5m. acre-feet below normal (an acre-foot is about 326,000 gallons, the amount an average family uses in one year). Ground water tables were badly depleted in the past two years by an estimated 10,000 new wells drilled by farmers and will need a lot more rainfall in order to be replenished.

Over the previous two winters the average amount of rainfall in California was about 50 per cent. below normal.

"If you want to use the dictionary definition of drought, which is the absence of rain, then, yes, the drought is over because it's been raining," commented Mr. Don Foley, a member of the California Drought Emergency Task Force. "The qualifier, however, is that the effects of the drought are still with us. So while we're getting good rains now, the state's big reservoirs still are only at about 50 per cent. of a normal year's level. If we have normal precipitation for another two years, we'll perhaps be back where we should be," he said.

"The absence of rainfall is over, but that doesn't mean the effects of the drought are over."

The irony of that remark is that the Drought Information Centre at the peak of the latest storms was designated the state's Flood Control Centre. Some areas of California were placed on a "yellow alert" flood status as officials worried about serious flooding problems that threaten if the heavy rains continue.

Meanwhile, California's snowpack in the Sierra is 25 per cent. above normal after the most recent storms and particularly encouraging is the high water content of that thick blanket. Because of the deep pack, Mr. Robie said the state may be able to deliver its full contracted amounts to State Water Project agricultural users.

Over the previous two winters, the average amount of rainfall in California was around 50 per cent. below normal, but in the northern two-thirds of the state, which includes the central valley farming region, it was nearly 30 to 40 per cent.

All in all, California, and other states in the western U.S. managed to weather the weather in 1977, registering a year of steady progress supported by a housing boom and overcoming a recession in farming. It was the region's second year in a row of healthy recovery from the steep 1974-75 recession but early indications are that, while 1978 may be another good year, those state economies will not grow as rapidly as in the past year. California's normal rainy season extends beyond February, however, and if the rains continue falling that general outlook may brighten considerably.

Nicaragua radio stations cut off

MANAGUA, Jan. 31

THE NICARAGUAN Government today launched an offensive against private radio stations in the country as an anti-government general strike went into its second week.

The National Director of Radio and Television, Col. Alberto Luna, announced legal action against four private radio stations which had continued to broadcast news of the strike, despite Government warnings. He said that they were accused of "fomenting the strike," something specifically banned under broadcasting laws, and could be fined.

The opposition newspaper La Prensa reported that the four had news programmes cut off in mid-transmission this morning, as they started to read a communique in support of the strike by the Managua journalists' union.

Reuter

WORLD TRADE NEWS

U.K. considers finance for £25m. Vietnam ships deal

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITAIN IS considering giving its first substantial tranche of overseas aid to Vietnam since the merging of the north and south in an effort to help Austin and Pickersgill of Sunderland sell cargo ships to the Vietnamese.

A financial package is currently being put together by the Ministry of Overseas Development, the Export Credits Guarantee Department and a British bank. At present the deal is being considered under Section 1 of ECGD business, whereby contracts are financed on their commercial viability. If these negotiations fail it is still possible that ECGD backing may be provided under Section 2 if the contract is considered to be in the "national interest."

The deal, which the Wearside shipbuilder has been pursuing for over a year, is for between two and five SD14 cargo vessels. The ships are worth about £5m. each.

British aid to Vietnam since the war in South East Asia has been confined to small sums for food and medical equipment totalling about £2.5m.

So far no approach has been made to the Department of Industry for a contribution from the shipbuilding intervention fund, of which about £10m. remains.

Austin and Pickersgill, part of British Shipbuilders, has made it clear throughout the negotiations with Hanoi that price competitiveness is not the critical handicap but the Government's view of Vietnam's creditworthiness and therefore on whether a financial package can be put together for the deal.

Although the yard is one of the most successful in Britain, it has not taken an order for almost a year and badly needs more work to justify the sophisticated series production facilities it has constructed.

There are a number of precedents for using overseas aid for backing the sale of ships, the most recent being the support given to Sunderland Shipbuilders in its £52m. order for the Shipping Corporation of India. In this contract, which is expected to be signed shortly, a £3m. to £4m. payment from the intervention fund is also likely.

Romania steel move by U.K.

THE DEPARTMENT of Trade announced yesterday that, following detailed consultations with the European Economic Commission, imports from Romania of a wide range of iron and steel products would require individual import licences with effect from midnight.

Licences will be issued on a case-by-case basis at a rate approximating 25 per cent. of total deliveries of steel products from Romania in 1976 for goods in transition or before January 31, 1978, and for other imports up to March 31, 1978. When considering applications for licences, account will be taken of the volume of deliveries of steel from Romania in the period January 1 to 31, 1978.

The Department emphasises that introduction of these licensing arrangements is an interim measure, to remain in force until more general arrangements concerning future steel imports from Romania into the Community are finalised between Romania and the EEC Commission.

India sets contract date

BY K. K. SHARMA

NEW DELHI, Jan. 31.

SUNDERLAND SHIPBUILDING has complete technical negotiations with the Shipping Corporation of India on six 16,000 d.w.t. multipurpose cargo liners. The final order for the ships worth £52m. will be placed in the middle of February when a formal contract will be signed at Bombay. The Indian Government has agreed to the order which will be financed from British grants.

The technical negotiations have been successfully comp'eted by Mr. James Gilfillan, chairman of Sunderland Shipbuilding, who was in Bombay last week and has now joined a British shipbuilders delegation which to-day met the Indian Ministers of Petroleum, Shipping and Transport. The delegation, led by Mr. A. R. Belch, managing director of Scott Lithgow, left for Bombay to-night and next week will visit Pakistan.

Neither Mr. Belch nor Mr. Gilfillan disclosed the terms of which the Indian Government and the shipping corporation had agreed to place the orders for the six ships.

Move against Soviets planned

BY OUR SHIPPING CORRESPONDENT

BRITISH shipowners have outlined to Government a three stage plan for dealing with the rate-cutting Soviet merchant fleet which could eventually lead to the imposition of quotas on the movements on Russion ships.

Mr. Ronnie Swayne, vice-chairman of the General Council of British Shipping and chairman of Overseas Containers, said the Russians had still failed to provide any evidence of their willingness to curb their merchant shipping expansion in spite of bilateral talks last year.

In seeking a common response from shipowners throughout the EEC, British owners are now suggesting an agreement first to gather information on Soviet shipping activities which could then be used for selective action by individual states on the basis of their own merchant shipping laws. Finally, the owners believe, it may be necessary to resort to commonly imposed quotas.

Mr. Swayne said that in seven months, Soviet lines had taken 25 per cent. of U.S. West Coast to Australia general cargo traffic and that undercutting by as much as 30 per cent. on Europe to East Africa routes continued to pose a serious threat.

In addition, the Trans Siberian Railway was now carrying 10 per cent. of all Europe-Far East general cargo and 20 per cent. of the higher value Europe-Japan business.

Although Whitehall is broadly in support of the shipowners' line, it is unlikely that there will be any concrete developments before June, which is the next date the EEC Council of Transport Ministers meets to discuss the subject.

Lucas boosts export sales by 31%

LUCAS INDUSTRIES, which launched a £50,000 campaign to promote the 1977 Export Year, increased overseas sales by more than 31 per cent. to £147m., writes Arthur Smith, Midlands Correspondent.

Mr. Godfrey Messervy, managing director, paid tribute to the team effort of the 69,000-strong workforce when he presented awards yesterday in Birmingham to winners of the export year suggestion scheme. The company received 25,700 suggestions, of which more than half were implemented.

Float glass licence

Pilkington Brothers of the U.K. has granted a float glass licence to Turkiye Sise Ve Cam Fabrikalari (Turkish Glassworks) Kenneth Gooding writes. It is the 28th licence negotiated by Pilkington for its float process.

The plant will be built at Kirklareli, west of Istanbul. Start up should be at the end of 1980, but talks are still going on about the capacity. Turkish Glassworks, a private company, is Turkey's sole flat glass manufacturer with turnover in 1977 equivalent to $200m. A previous technical arrangement with Pilkington covered sheet glass manufacture which is carried out at Cayirova.

Companies bid to build Venezuela steel complex

By Joseph Mann

CARACAS, Jan. 31.

NINE companies, most of them international consortia, yesterday entered qualification proposals to the Venezuelan Government regarding the construction of the Zulia steel complex in western Venezuela, a project now estimated to cost some $2bn.

In its first stage, the Zulia mill will be capable of producing 1.25m. tonnes of liquid steel per annum, or about 1.1m. tonnes of finished steel. The project is to have up to 49 per cent. of private equity, with the rest to be held by the Venezuelan state.

Among the consortia presenting proposals on the project was Davy Ashmore International heading a group made up of Morgan Grenfell (acting as financial co-ordinator), plus French, German and Japanese partners. Other members of the Davy group were CEC Enterprise, Credit Comercial de France, Demag, Deutsche Bank, Mitsubishi Corp., and Mitsubishi Bank.

Of two other major foreign consortia, one was made up of Creusot - Loire Enterprises, Banque de Paris et des Pays-Bas, Voest Alpine, Ferrostaal and other partners. The second included participation by Krupp, Kobe Steel, Koppers France and Technodepro of Venezuela.

The remaining participants in the qualification stage were: Nippon Kokan, Italimplanti and Italsider of Italy; C. Itoh; a group made up of Siderbras of Brazil and Kaiser Engineers of the U.S.; and a local bidder, Sade.

W. Germany adjusting to rise in value of D-Mark

BY ADRIAN DICKS

BONN, Jan. 31.

WEST GERMAN manufacturers of capital goods equipment have suffered appreciably from the upward movement of the Deutschemark during the past decade, but appear to be well on the way to adjusting their product range so as to compensate for lost competitivity.

This is the broad conclusion of a study published to-day by the IFO Economic Research Institute, of Munich, into the sector generally regarded as the backbone of West Germany's export performance.

According to IFO, the effects of a dearer D-Mark first began to show up in the sector in 1975-1977 in two ways. West Germany's share of the Western world's total exports of machinery and machine tools dropped in 1975 by a full 3 per cent., from 26.2 to 23.2 per cent., and was virtually unchanged in 1976.

In addition, imports into West Germany of these products grew by 40 per cent. in 1975-77, compared to an increase in real fixed investment by West German industry of only 12 per cent. in 1976, imports of capital goods had reached a record 18.5 per cent. of the total spent on plant and machinery in this country.

IFO attributes part of this to increasing specialisation among the world's manufacturers of machinery and machine tools. It also accepts the validity, at least in part, of the conventional wisdom that price is often a less crucial factor than quality, after-sales service, delivery or compatibility with existing equipment, when major fixed plant investments are being considered.

Because West Germany has performed well on all these counts, IFO concludes, "it should not be surprising that sales should only be affected when the price advantage (to competitors) has reached considerable proportions. This threshold may have been reached in 1973-74."

The study points out that different branches of a large and very varied sector have been affected in differing degrees, with the main burden falling on producers of standard machine tools.

Alumina deal

A definitive agreement has been signed in Dublin to implement an earlier agreement in principle for the construction and operation of an alumina plant in county Limerick, Ireland, with an annual capacity of 800,000 metric tonnes. The estimated cost is $500m.

Signatories to the agreement are Alcan Ireland with 40 per cent. participation, Billiton Aluminium Ireland with 35 per cent., and Anaconda Ireland Company with 25 per cent.

Motor link

The South African subsidiaries of Fiat and Alfa-Romeo have begun negotiations on the integration of their operations, Bernard Simon writes. A link between the two companies could be the forerunner of further rationalisation agreements among South Africa's 13 major motor manufacturers, most of whom are believed to be operating at a loss.

U.S. attack on protectionism

MR. ROBERT STRAUSS, Special U.S. Trade Representative, criticised the "voices of protectionism," yesterday and said he anticipated that President Carter and Mr. Fakuda, Japanese Prime Minister, would take a "strong lead" toward a "more enlightened trade posture" at this summer's econocim summit in West Germany.

In Tokyo, Mr. Ushiba, Japanese External Economic Affairs Minister, said the European Community would not take any immediate protectionist steps against Japan. However, in Brussels, the EEC urged Japan to take speedy action to reverse the trend of Japan's growing surplus in trade with the Community.

£33m. Iran contract

Brown Boveri of Switzerland has signed a $60m. (£33m.) contract to expand the electricity supply network in western Iran in co-operation with the State-owned electricity company Tawanir, the company reported.

WORLD TEXTILES

Carpet challenge from India

BY A SPECIAL CORRESPONDENT

INDIA, ALREADY one of the main textile exporting nations, is embarking on a major programme of expansion in its carpet industry which could see it emerge over the 1980's as an important supplier of craft and industrially manufactured carpets to world markets.

Carpet manufacture, particularly the traditional oriental carpet which is still woven largely by hand, is seen as a means of providing a large source of employment for the Indian economy, as well as having the advantage of using locally produced raw materials such as Indian wool.

India claims already to have replaced Iran as the world's largest exporter of hand-knotted carpets, and has diversified into reproductions of other traditional hand-crafted products.

Equipment has also been purchased from a number of U.K. textile machinery manufacturers for the expansion of conventionally-produced carpets. By the middle of this year India will have a new semi-worsted system carpet yarn spinning mill, its second tufted carpet manufacturing plant, and its first patterned Axminster weaving operation.

The main market for hand loom carpet manufacture so far has been Germany, followed by the U.S. and over the past five years exports to all markets have quadrupled from R135m. (£8.6m.) to R600m. (£38m.) last year, with a target of R1bn. (£63.8m.) set for 1980.

To achieve this, a major programme of training has been launched which will aim to raise skills so that the finer Persian styles can increasingly be handled. It is hoped in this way to raise the unit value of products, which have in the past been low because of India's concentration on coarser and lower qualities.

These, however, have come under increasing pressure from machine-made reproductions and from rugs and runners produced on carpet printing machines and dye patterning equipment in Western Europe.

A major training programme has been launched which will aim to raise skills so that, increasingly, the finer Persian styles can be handled.

Further up-market substantial new opportunities have been created around the world as a result of increasing industrialisation in Iran which has tempted skilled weavers away from their looms to lucrative jobs in towns and oil centres.

Other countries, including Pakistan and Turkey, as well as India, are trying to fill the gap, but the Indians claim to have a lead over their rivals, having already diversified successfully not only into Persian but into Chinese, French Aubusson, North African berbers, and Caucasian carpet styles.

The hand loom carpet centres are fairly well scattered around northern India, notably in Kashmir, Rajasthan and around Agra, but more than 90 per cent. of production comes from eastern Uttar Pradesh, India's largest and most populous state. Some 35,000 hand looms are concentrated in a belt containing the two towns of Mirzapur and Bhadohi, south of the Ganges river and adjacent to the holy city of Varanasi (Benares in the days of the British Raj).

It is estimated that a further 40,000 hand weavers would have to be trained if the industry is to achieve its 1979-80 export target.

Close on 1m. weavers would be required to support such an output, and it is thought employment on this scale could provide the necessities of life to a rural population of 5m. people.

The carpet industry takes an increasing proportion of India's wool clip, estimated at 77m. lb per annum by current reckoning, and with an offtake of around 15m. lb carpets now outstrip other major end-uses, such as apparel and defence, as the largest single outlet.

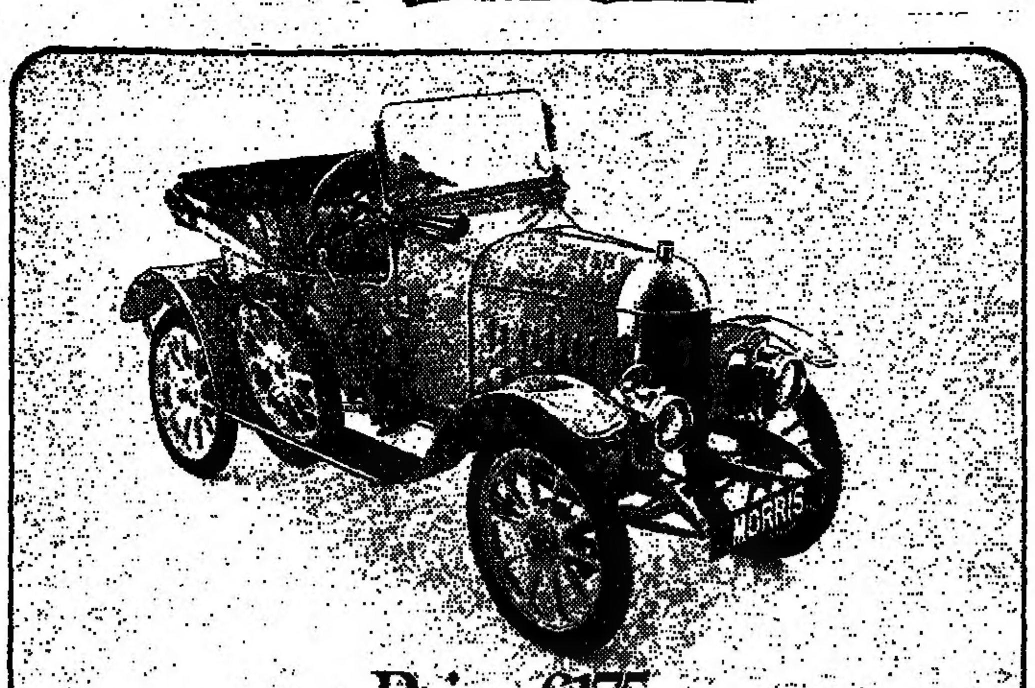
Some finer wools are also needed for blending in with Indian varieties and these will be provided by the commissioning of a new semi-worsted system carpet yarn spinning mill at Rae Bareli in Uttar Pradesh. Owned by Modi Carpets, it is equipped with machinery supplied by James Mackie and Sons, the Belfast-based textile machinery manufacturers.

Part of its output of 100 per cent. wool yarn will be channelled to some 6,000 cottage weavers spread over a wide area —the first time that semi-worsted system yarns have been used in hand-knotted carpets.

Before embarking on their spinning operation Modi arranged for Mackie to undertake a number of trials with Indian wool on their pilot spinning plant at Belfast. The Irish spun yarn was shipped back to India and distributed to cottage weavers, with outstandingly successful results.

The balance of the output from the Modi spinning mill will go to a new tufted carpet manufacturing plant erected beside the spinning facility. Three cut pile machines supplied by Pickering, another U.K. machinery manufacturer, have been installed in this new Modi enterprise, which initially will produce three basic styles mainly for export.

Scheduled to come on stream in early summer is India's first patterned Axminster weaving mill which has been equipped with modern high speed wide width Axminster looms supplied by David Crabtree and Son of Bradford. Located near Delhi, it will have a decided export orientation, especially towards contract applications in the Middle East such as hotels, palaces and banks.



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The choice of prize is no accident. In 1913, the first Morris production car at £175 represented the best motoring value you could get. Convert that £175 into today's prices and you end up with a figure of £3022.* Yet the 1978 Marina range starts at well below £3000.

Not only that, but in 1978 Morris are building cars that are unmistakably a result of William Morris's philosophy: cars with uncomplicated, reliable engineering, classic and unfussy styling, useful space, low fuel consumption and high specification.

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Even though you may not be buying a new Marina, you can still enter the Morris Centennial Competition simply by visiting your Morris showroom and collecting your Entry Form. Until March 31st, you could win a real vintage Morris or the current equivalent of the 1913 Bullnose price, £3022 in cash.

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You'll find that, more than ever in Morris Centennial Year, Morris means value for money.

MORRIS CENTENNIAL

Morris Marina. We haven't lost our sense of values.

Marina prices from £2537.73 including car tax, VAT and front seat belts. Delivery and number plates extra.

*Mid-September 1977 equivalent of £175, based on a series of inflation-adjusted retail price indices.

HOME NEWS

Abbey National predicts big rise in house prices

BY MICHAEL CASSELL

SUBSTANTIAL increases in average house prices look certain this year, according to Britain's second biggest building society, the Abbey National.

Mr. Tim Timberlake, chief general manager, said in London yesterday that he believed house prices would rise this year much *faster than predicted*.

He suggested that in some cases prices could rise by as much as 25 per cent., although he emphasised that he did not expect this to be the normal pattern.

It is nevertheless thought, that the Abbey, like several other societies and the Building Societies Association itself, believes that average price rises of between 15 per cent and 20 per cent. could be recorded.

Until now, forecasts have tended to project average rises of around only 10-12 per cent., but it seems clear that a reluctance to spark off any hectic buying activity has been behind some of the modest price rise projections.

The Government is known to be particularly concerned to avoid any major leap in prices and has been trying to damp *down any suggestion that the* stable picture of the last four or five years is about to change.

The societies are quietly convinced, however, that the return to a low mortgage rate of 8½ per cent. is, in itself, a potentially significant inflationary factor. Combined with rises in real incomes and record mortgage lending programmes, it could lead to more buoyant prices in the months ahead.

If prices do begin to move more rapidly—and there are already signs that this is happening—the societies believe the market should be permitted to react freely.

They would not welcome any move to control events artificially, such as any suggestion that they should reduce lending programmes already agreed for the year ahead.

Reasonable price increases, *they believe, would not be* damaging and could stimulate a revival in output of new building.

The Abbey yesterday announced record results for 1977 and defended its decision to continue to offer many investors higher interest rates than those recommended by the Building Societies Association.

The Abbey move, first taken last October and reaffirmed last week, has since been followed by other major societies

Lord Hill of Luton, referring to the Abbey decision, said that the move was not designed to "buck the recommended rate system" but was regarded as a sensible solution to the problem of an "excessive surplus" of funds.

According to the Abbey, it will cost the society £1.6m. a month to maintain a 6 per cent. net interest rate on deposits lodged by the end of January, rather than the 5.5 per cent. net rate which takes effect for most societies to-*day. It also continues to pay 6.7* per cent. net on deposits made before October 31 last year.

Yesterday's results from the Abbey *underlined just how* successful the society was during 1977 and explains its efforts to provide a bonus for at least some investors. Its total assets rose from £4.34bn to £5.41bn., a growth rate of 24.5 per cent. against just over 17 per cent. in the previous year.

Angus Murray is new Fairey chairman

BY ANDREW TAYLOR

MR. ANGUS MURRAY, recently dismissed as chairman of Crane Fruehauf—after that company's takeover by the Fruehauf Corporation of Detroit—has been appointed chairman of the rescued Fairey Engineering Holdings by the National Enterprise Board.

Mr. Murray, aged 58, who has several other directorships which include being chairman of Redman Heenan Inter*national, will take charge of* those Fairey group companies purchased by the National Enterprise Board for £20.5m. *last December*, two months after Fairey had gone into receivership.

The appointment which carries an as yet undisclosed salary takes effect from to-day. It is believed the appointment is unlikely to be short-term.

Mr. Murray is expected to spend between two and three days a week exclusively looking after the interests of Fairey Engineering Holdings.

The National Enterprise Board came in for sharp criticism when it outbid Trafalgar House to takeover the main part of the engineering interests of the Fairey Group. The group went into receivership after its Belgian aircraft manufacturing subsidiary—which had a key role in producing the Islander light aircraft — ran into serious financial difficulties.

The Fairey companies bought by the Board and now under Mr. Murray's charge, exclude only the aviation *interests*, represented by Britten-Norman (Bembridge) and Fairey SA. and Fairey Stainless and Fairey Electronics.

It was announced last week that the latter subsidiary had been sold to Racal Electronics for £700,000. Meanwhile, Sir Charles Hardie, receiver for the group, is continuing to try *to negotiate the sale of the* remaining subsidiaries.

Nuclear station delays hit plant computers

BY LYNTON McLAIN, INDUSTRIAL STAFF

Ashley Ashwood

Mr. Ron Gausden, chief inspector of Nuclear Installations, speaking at yesterday's conference.

LONG DELAYS in building Britain's advanced gas-cooled nuclear power stations have *ruined computers installed* before plants were ready for operation, the Nuclear Installations Inspectorate said yesterday.

The worst case is at the Dungeness B plant in Kent, due for completion in 1970, but not expected to be finished before 1980. The cost has risen from an estimated £89m. in 1965 to £320m. at last year's prices.

Useless computer equipment has been replaced and a corroded pipeline linking the new reactor with the A station has *been refurbished*.

These problems would apply "to a greater or lesser extent" at almost any station, Mr. Ron Gausden, chief inspector of nuclear installations, said at a conference to launch the inspectorate's first report.

Two more advanced gas-cooled reactors, based on the more successful Hinkley Point B design, were announced last week by Mr. Anthony Wedgwood Benn, Energy Secretary.

They will incorporate new safety features, including greater access, more emergency equipment and more space for inspection of the core. There will be better remote inspection, but no changes to the core design.

Another type announced by Mr. Benn was the pressurised water reactor, of American design. A final decision on its safety could not be made for two or three years, Mr. Gausden said.

A study of a working American PWR built by Westinghouse in Oregon involved major issues of pressure vessel integrity, reactor shut-down systems and reactor behaviour after coolant loss.

More work was needed on the U.S. designs, including the possibility of more safety relief valves and steel forgings on the pressure vessels.

In industry, management errors had led to over-exposure *of workers to radiation during* 1975 and 1976. Overdoses also occurred on construction sites where radiography was a major *contributor to over-exposure*.

Failure to monitor radiation in industry led to an increase in the number of overdose cases to *11 during the period, while 37* workers suffered radiation over official limits in 1976, three more than in the previous year.

But no British nuclear power station workers received excess radiation, in spite of two "dangerous occurrences" at Britain's earliest nuclear power stations — Magnox plants — dating back to 1956. These did not involve the release of *radiation outside the sites*.

A process to reduce waste from *plutonium contaminated workers'* clothes, gloves and tissues was still not available. Metal drums for storing the clothes had corroded yet were still stored at Magnox stations.

Health and Safety Nuclear Installations, SO, £1.15.

New shape for Schools Council

By Michael Dixon, Education Correspondent

TIGHTENING of bureaucratic control over school curricula and examinations in England and Wales was ensured in London *yesterday when the Schools'* Council's governing body broadly approved proposals reducing its function to that of a "talking shop."

The governing council, empowered to make recommendations on curricula and examinations directly to the Secretary for Education and Science, has 77 designated seats.

Of these 36 are held by educational unions and one each by the CBI, the TUC, and the parent-teacher associations.

This body will be changed into a convocation of only 56 members, the TUC and CBI nominating two each

But the power to make direct recommendations to the Education Secretary will effectively pass to a finance and priorities committee of eight appointed by the Department of Education and Science; eight by local authority associations; and 12 by teachers' unions

Elliott makes Board changes

BY JOHN MOORE

ELLIOTT GROUP of Peterborough, the portable building company recently at the centre of a City row over directors' share dealings, announced further Board changes yesterday.

Mr. Norman Smith, a former assistant education officer for *Peterborough, comes to the Board* with a special responsibility for overseas activities, including those in the Middle East. He *joined Elliott in 1968 as a sales*man and his most recent position has been that of group sales director.

With Mr. Edmund Smeeth the chairman, he has been responsible for development of the group's Middle East markets.

Non-Board appointments announced are of Mr. Peter Brindley as secretary and Mr. *Tony Howell as group financial* controller. They replace Mr. John Wilmot, a main Board director, who had previously done both jobs and is now leaving the company.

Mr. Brindley is the financial director of Sharp Brothers and Knight, Elliott's joinery subsidiary. Mr. Howell was Mr. Willmot's assistant and has been with Elliott for six months.

A row broke out in *December* after Elliott's disclosure that a £54m. Saudi Arabian order which the group had suggested was "firm" was not likely to be clinched.

At the same time, it was disclosed that Mr. Smeeth and two non-executive directors, Mr. John Grimsdale and Mr. Ian Waterfall, had disposed of large *personal share holdings after* announcement of the order. A Stock Exchange inquiry into the deals is still in progress.

Press Council chairman named

BY MAX WILKINSON

THE NEXT chairman of the Press Council is to be Mr. Patrick Neill, QC, Warden of All Souls College, Oxford. He takes over on October 1 from Lord Shawcross, chairman since 1974.

Mr. Neill, 51, will be the council's fourth independent chairman. He takes a re-constituted council, which, following recommendations of the Royal Commission on the Press, will have an equal number of lay and Press representatives.

Mr. Neill has been a leading figure in the commercial bar. He took silk in 1966, is a Bencher of Gray's Inn and was chairman of the Bar Council and the Senate of the Inns of Court and *the Bar in 1974-75*. He is Judge of the Courts of Appeal of Jersey and Guernsey.

Mr. Neill said yesterday that he thought the general standard *of the British Press was reason*ably good and had been improving in the last few years, mainly because of the Press Council's influence.

"I think there have been fewer violations of privacy and, in general, standards *of accuracy* have improved," he said

Citroen and Honda follow U.K trend to higher car prices

CITROEN car prices are to go up by an average of 3.3 per cent. from to-day. The increase follows a round of rises in the last few weeks affecting the leading British manufacturers and the main importing companies.

The Citroen increase, which will be effective only on new showroom stock, is lower than the average 5 per cent. charged by most of its competitors.

It follows a recent decision by the company to cut its replacement parts prices by 16.5 per cent.

Examples of the new prices are: 2CV6 £1,847; GS Special £2,579; CX 2000 £4,637; CX Prestige Injection £8,640.

Prices of Honda cars also go up from to-day by an average of *just over 4 per cent. The increase* *comes* as Honda plans an increased share of the U.K. market. The last rise was in mid-October.

Examples of the new prices are: Civic 1200 three-door GL £2,445 (old price £2,395); Accord three-door manual £3,355 (£3,185). There is no change in the price of the TN range 360 pick-up (£1,383) and the 360 van (£1,567).

Economists are critical of expenditure plans

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMIC assumptions lying behind the Government's public spending plans have been strongly criticised by several *leading economists in back*ground papers for the Commons Expenditure Committee.

A dozen papers from prominent academic and City commentators were published this week as the committee's general sub-committe headed by Michael English, Labour MP for Nottingham West, started a series of public sessions with Treasury *officials on the recent White* Paper.

The idea is to broaden the range of comment and anlysis available to members of the sub-committee beyond the usual detailed memorandum from Mr. Terry Ward, their specialist adviser from the Department of Applied Economics at Cambridge. The result is 150 pages *of generally stimulating com*ment, if hardly light reading.

MR. MICHAEL ENGLISH
In the chair

Published

Apart from Mr. Ward's papers have so far been published from the National Institute of Economic and Social Research: Sir Alec Cairncross; Prof. Patrick Minford of Liverpool University; Mr. Terry Bruns and Dr. Alan Budd of the London Business School; Mr. Robert Bacon and Dr. Walter Eltis from Oxford; Mr. Nigel Lawson, MP; the Fabian Society; Mr. Gordon Pepper of W. Greenwell, the brokers; Mr. Tom Congdon of L. Messel, brokers; the National Federation of Building Trades Employers; and the National Council of Building Material Producers.

The main debate is about the projected size of the public sector. The National Institute questions the restrictive fiscal stance implied by the plans.

The Fabian Society rejects the official view that restraining growth of public expenditure increases expansion of the economy by stimulating private demand.

It maintains that sustained expansion of the public sector is required if unemployment is *to be brought down to accept*able levels in the next few years.

This view is strongly disputed by Mr. Bacon and Mr. Eltis, who say that the plans "raise the serious risk that a high fraction of the extra resources made available by the growth of the British economy in 1978-79 will be pre-empted by the public *sector*," *threatening to prevent* continuing output growth.

They reiterate their well-known thesis about damage to the industrial and commercial sector from a likely resumption in the growth of public sector employment.

Instead of extra public spending, demand should be raised by tax cuts which "will lead to a faster rate of increase in the economy's supply potential."

Prof. Minford states that the total of public spending now planned is too high and does not allow for a sufficient reduction in tax rates. There should be a cut in the overall yield of taxes on personal income of 10 per cent., which implied a zero growth target for public spending from the estimated 1977-78 level.

A middle view is taken by Mr. Burns and Dr. Budd who estimake ratios of general Govern*ment spending to gross domestic* product. They suggest that the ratio should decline from an estimated 39.5 per cent. in 1977-*1978 to 38.4 per cent. by 1981-82*.

This compared with a peak of 41.8 per cent. in 1975-76 and 34.9 per cent. in 1971-72. The share of spending on goods and services should decline by 1981-82 to near the early 1970s level.

Difficulty

The programmes were consistent with a growth of the money supply of about 11 to 13 per cent. annually over the three years from last March, although *there is little margin for error*.

A financial policy would be feasible which just maintained single-figure inflation, though the risk of rapid monetary growth, a fall in the exchange rate and accelerating inflation would still *be present if major income-tax* cuts were made as well as indexation allowances.

Support for a medium-term financial strategy is also advocated by Mr. Congdon, who calls for closer harmonisation of mone*tary and fiscal policy*.

In another paper on financial aspects, Mr. Pepper concludes from the White Paper's illustrative projections that the public-sector borrowing requirement should decline from £6bn. in the current financial year to £5.1bn. in 1978-79 at 1976-77 prices before taking account of any Budget changes. The 1978-79 figure would be higher at current prices.

He warns against the conclusion that there is considerable scope for raising the borrowing requirement in view of the likely "very large increase" in the corporate sector's demand for finance as economic recovery gathers pace.

He sees this as potentially a different sort of crowding out from the *mid-1970s* which will require modest public borrowing.

The other main economic issue discussed is unemployment. The White Paper projects a growth *in productive potential of 3 per* cent. a year, after taking account of North Sea oil and growth of the labour supply, and an increase *in gross domestic product* of about 3½ per cent. a year, sufficient to halt the rise in unemployment.

Mr. Ward questions what he calls the "very pessimistic" Treasury view of the growth of productive potential. Similarly, the National Institute notes that "*any faster growth of underlying* productivity would *mean* that there is little chance of any reduction in unemployment on *these estimates*." The Institute maintains that *on the official* growth projections unemployment would still exceed 1m in 1981.

Single figure

Prof. Minford suggests that *gross domestic product* can realistically be expected to grow at a rate of 3 to 4 per cent. a year in 1977-1980, implying a moderate *downtrend in unemployment* from 1978.

There is considerable discussion about difficulty in estab*lishing the planned* rise in expenditure next year compared with the substantial underspending in 1977-78.

Mr. Ward suggests that total real outlays will increase by just over 2 per cent. in cost terms in 1978-79 and by 3½ *per cent. in* volume on the assumption of £1bn. shortfall.

But if underspending were *to be as large next year as recently*, then expenditure would fall raher than rise in 1978-79.

In contrast, Mr. Lawson, a Tory Front Bench spokesman and a former member of the sub-committee, says that the real rise next year is 8.2 per cent., or about 6.4 per cent. if the Government's own shortfall projection is taken into account.

He claims that "the underspending phenomenon is manipulated in an astonishingly *cavalier fashion*."

The views of many of the economists appear summed up in the comment of Sir Alec Cairncross, a former Chief Economic Adviser to the Treasury, who wonders if it might be "possible to produce something at once livelier, more lucid and more enlightening."

New Act a "major landmark in consumer protection"

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE consumer movement was in a euphoric mood yesterday on the eve of the new law limiting the use of "get-out" clauses in contracts.

The Consumers' Association, which has long been lobbying for such a move, described the event as "historic," while Mr. John Fraser, Minister for Prices *and Consumer Protection*, said the Act would be a "major landmark in consumer protection this decade."

The Unfair Contract Terms Act, sponsored by Mr. Michael Ward, the Labour MP for Peterborough, means that from to-day, companies cannot exclude liability for death and personal injury resulting from negligence.

Other kinds of exemption clauses will become subject to a new test of reasonableness.

"*Get-out*" *clauses have been* familiar features in many service contracts—evident in the plethora of signs like "the management accept no responsibility whatever for loss, damage or theft."

The Consumers' Association said the new Act meant that consumers would not be robbed of their basic legal rights by such clauses, and hailed it as an end to "the reign of terror of the exclusion clause."

The Act will have a major impact on the travel business and estate agents. Car park operators have also been cited as an example of the kind of companies which will have to change their ways.

National Car Parks, the biggest private operator for car parks in this country, said yesterday that the new law would not mean it would have to change its terms of business again, but that it had made the necessary changes over three *years ago* with the advice *of the* Office of Fair Trading. Since then, it had not excluded liability for negligence.

But there was nothing in the new law to prevent the company from continuing to display notices excluding liability for accidents on its premises which had nothing to do with negligence.

Call to ease capital export

BY OUR INDUSTRIAL CORRESPONDENT

A CALL for further easing of *the rules on exporting capital* is contained in the Engineeering Employers Federation submission to the Chancellor on the *spring Budget*.

Present controls mean that many possible overseas projects are not even considered, says the federation. This could cost exports and, therefore, jobs, and certainly does not result in compensatory investment in the U.K.

In addition, the controls created a burdensome amount of paperwork and administration *which may prevent a small com*pany investing abroad.

An increase in overseas investment would not only encourage exports; *it would also ease the* upward pressure on sterling by contributing to an outflow on capital account.

The other key area covered by the submission from the federation, which has 6,000 member companies employing more than 2m. people, is that of direct taxation.

It was a significant factor in a major problem facing the engineering industry—shortage of skilled labour and of suitable *candidates for many qualified* staff and middle management jobs.

"There is little incentive to *acquire skills or work harder if* the reward gained is significantly reduced by taxation."

Owners of small businesses *suffered from high rates of per*sonal tax if they took an adequate personal reward out of the business.

There was little incentive to see the business grow as profits would be increasingly highly taxed. An owner could not even aim to pass on a thriving business to his family.

The federation urges the Government to increase the income level at which tax is first paid, reduce the highest rate of tax to rate consistent with that in other parts of the EEC, and widen the bands at which the higher rates become payable.

Personal allowances should be cost-of-living indexed, as should higher-rate bands and the levels at which capital transfer tax and *capital gains tax became payable*.

BAT launch in U.K. 'imminent'

BY STUART ALEXANDER

A NATIONAL launch of BAT Industries' cigarettes in the U.K. was "imminent." Mr. Peter Macadam, the company's chair*man, said yesterday*.

No date was given, but it is thought that BAT wants to be in the whole of the U.K. market by Easter. It will be using the two versions of State Express 555, which it has been test-marketing *for nearly two years—before* that, BAT cigarettes were only sold outside Britain—plus at least one American brand.

Cost of the launch is expected to be at least £5m. and the company is to concentrate on king-size filter cigarettes.

BAT has been re-organising production schedules at its Liverpool and Southampton factories to cope with the launch. It has also been recruiting a sales and marketing force for the U.K., based at Woking, Surrey.

Although the brand launch will be national, BAT is expected to concentrate on the main cities and towns. This could mean that at first, no big marketing and distribution effort will be made in the rural areas of Scotland, Wales and East Anglia. The company may decide not to go into Northern Ireland.

No details have been released on pricing policy, but Mr. Macadam said yesterday the same policy as in the test market *areas would be adopted, which* suggests that BAT intends to be in line with some of the price-cutting by Wills, Player and Rothmans.

BAT will also seek to expand its Middle East and central Africa export trade and develop the overseas interests of its U.S. rival Lorillard which it bought for £82m. last June.

This includes the marketing of the Kent brand, to be manufactured at BAT's new Brown and Williamson plant in the U.S.

Another major expansion is taking place at the company's Brazilian subsidiary Souza Cruz.

British-American Tobacco is the largest tobacco company in the world outside the Chinese will be competing with its largest will be competing with its largest single shareholder, Imperial Tobacco.

Jobbers give evidence on deals

Financial Times Reporter

TWO STOCK Exchange jobbers gave evidence on the system of "put through" deals at the resumed hearing of conspiracy charges against London stockbrokers Lewis Altman, 59, and Robert Carnes, 31, at Guildhall court yesterday.

Mr. Michael Jeremy Williamson, of Pinchin Denny and Co., and Mr. Anthony Sidney Jenkins, of S. Jenkin and Son, were asked by defence counsel if they knew whether L. Altman and Co. ran a "shop" in Isle of Man Associated Investments shares.

Mr. Williamson said he did not know if this was the case. Mr. Jenkins replied that L. Altman and Co. did not seem to do a great deal of business in Isle of Man Associated *shares, as the* turnover in its stock was quite small.

The questions were put on behalf of Mr. Altman, who together with Mr. Carnes denies *conspiring with solicitor Judah* Binstock and other persons to contravene exchange control regulations over dollar premium transactions in 1974-75.

The transactions are alleged to have netted more than £2m. for the defendants and six other people, including Mr. Binstock, out of currency deals involving £6.6m.

British Airways cuts charter flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is to cut its programme of charter flights from Heathrow this summer, because it would be unprofitable to transfer them to Gatwick under new Government regulations effective from April 1.

From that date, the Civil Aviation Authority, acting under Government instructions, will ban "whole aircraft" charter flights at Heathrow — that is, flights filled solely with charter, passengers — and require such flights to be operated from Gatwick.

The aim is to cut the volume of air traffic at Heathrow to avoid congestion, and make more use of Gatwick, where a £100m. modernisation programme is being completed.

The airline, which in the past has operated such flights from Heathrow with Trident and Tri-Star jets, believes it would be uneconomic to operate them from Gatwick. There are no engineering facilities there for the jets and the amount of "re-positioning" flying — in addition to extra maintenance — involved between the two airports, would eliminate the small profit margin on charter flights.

So the airline plans to *eliminate 100,000 charter* seats this summer—a move bound to make the already severe shortage of seats more acute.

The decision covers only "whole aircraft" charters and does not affect the airline's large volume of holiday inclusive tour flying, which will continue from both Heathrow and Gatwick.

The passenger revenue on the charter flights to be eliminated would normally amount to about £3m. but most of it would be eliminated anyway by the high operating costs, according to the airline.

A new company, London Airways, is being formed by British Caledonian Airways, to run jointly with British Airways (Helicopters), a new helicopter link between Gatwick and Heathrow.

The single fare for the trip will be £12, with half price for children.

Oil groups win private hearing

SHELL AND BP yesterday won their bid to stop a public trial of allegations that they have been guilty of sanctions busting by *supplying oil to Rhodesia.*

A High Court judge ruled that London that claims by Lonrho alleging breach of contract and conspiracy by the two oil companies should be dealt with by arbitration, in private.

Shell and BP are among 29 companies against which Lonrho and its Mozambique/Rhodesia pipeline subsidiary are claiming about £100m. damages.

Mr. Justice Brightman ordered a stay of the High Court action but gave Lonrho leave to appeal.

The judge held that Lonrho's allegations were matters covered by the arbitration clause in a 1962 "Shippers' Agreement" involving Lonrho, Shell, BP and five other companies. Therefore, under the 1975 Arbitration Act, the court was bound to stay the proceedings against Shell and BP.

He said that Lonrho and its pipeline subsidiary sought to stop the 29 defendant companies taking part in an alleged conspiracy to supply oil to Rhodesia.

Lonrho claimed that the oil companies *"treasonably induced"* the Rhodesian Government to make its UDI by assurances that oil would continue to be supplied, even if Lonrho's Beira pipeline could not be used.

In the 1962 agreement, Lonrho undertook to construct and operate a pipeline between Beira and Feruka in Rhodesia, and seven oil companies.

Council scrutiny bid leads to rift

BY DAVID CHURCHILL

DIFFERENCES have developed between the Government and the Labour Party over plans for *closer public scrutiny of local* authority activities and finance.

The party's national executive committee has rejected proposals for an independent institution at national level to carry out efficiency audits and value-for-money studies of local authorities. Such a body was suggested by the Government in a recent consultation paper on local government finance.

The consultation paper said that the projected institution should not take over the existing functions of auditors, who would continue to report, as now, to *individual local authorities.*

But a Labour Party national executive committee document on the proposals argues that comparative and value-for-money studies initiated by the institution would "act in certain circumstances to strengthen the critical analysis by auditors of individual authorities' finances."

"We would seriously question the need for a wider role for the audit service, considering that local authorities can devise their own schemes of financial control."

National Freight 'still struggling for viability'

BY IAN HARGREAVES, INDUSTRIAL STAFF

FINANCIAL reconstruction and a £9.5m. improvement in trading profit last year would not end the National Freight Corporation's struggle for viability this year, Mr. Peter Thompson, the corporation's chief executive, told a Commons select committee yesterday.

Earlier, Sir Daniel Pettit, the corporation's chairman, had told the committee that preliminary *results last year indicated a net* overall loss of £10m., compared with £15m. the previous year and £31m. in 1975.

At a trading level, the corporation's surplus rose strongly last year from £4m. to £13.5m., but with interest charges at £16m. and the provision of pensions totalling £3m. to staff associated with formerly railway-owned companies, the organisation was dragged back into substantial deficit.

It is these interest obligations, relating to an over-valuation of the corporation's original asset base which the £50m. reconstruction is designed to offset.

But Mr. Thompson said that the corporation would, even after reconstruction, require trading profits of £18m. to break even. This represented a 15 per cent. return on capital at a time when Corporation studies had shown a likely road haulage industry average of 11 per cent.

Mr. Thompson described the £18m. trading profit target as a significant financial strain and "not a fair basis for giving an enterprise a fair start in life."

The corporation will be lobbying throughout the committee stage of the Transport Bill, which authorises the reconstruction to widen the scope of the revaluation of assets to include com*panies other than those formerly* owned by British Rail.

The corporation's volume of business last year grew slightly with turnover at £392m., against £337m. in 1976.

Last year, National Carriers, the former British Rail sundries division, returned a trading profit for the first time, giving it a net loss of £7m. Its trading loss was £4.1m. in 1976 and its net loss £14m.

Roadline U.K., the parcels carrier which lost £1.8m. in 1976, improved to return a £1m. surplus last year.

Freightliners, the container carrier controlled by the Corporation, but which is to be returned to British Rail under the Transport Bill, had a trading surplus of more than £1m., a *similar figure to 1976. The rest* of the Corporation's subsidiaries had an aggregated trading surplus of £12.5m., resulting in a net loss of £1m.

State industry payments 'less than fair'

By Ian Hargreaves, Shipping Correspondent

A CONSERVATIVE industry spokesman is urging the Government to take a more generous attitude in assessing compensa*tion for aircraft and shipbuilding* companies nationalised last July.

Mr. Norman Lamont has written to Mr. Eric Varley, the Industry Secretary, saying that the £21.95m. interim payments to these companies announced last week were less than fair.

In particular, Mr. Lamont takes up the case of Vosper Thornycroft and Vosper Shiprepairers, two of the companies to which no payments on account were made. They could not be legitimately valued on the basis of a notional share price during the reference period from September 1973 to February 1974—a period which coincided with exceptionally depressed share prices.

Because of delays to the nationalisation Bill in Parlia*ment, companies such as Vospers* had every right to expect account to be taken of their sharp rise in profitability after the reference period,

CBI warns of little significant shift from industrial recession

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A WARNING that there is little sign of any significant shift out *of the recession in manufactur*ing industry, and that export prospects are poor, was issued yesterday by the CBI in its latest quarterly trends survey.

Reporting the views of some 2,100 companies in the first half of January, the survey says that industrial confidence about the general situation had not changed much over the past four months, though confidence about export prospects had "fast disappeared."

"Output is sluggish and demand weak. Export markets are much less buoyant. Lack of price competitiveness features even more prominently among the factors likely to prevent firms from winning new export orders."

But companies covered in the survey—which employ a total of some 3m. people and account for about half the country's manufactured exports—reported that price increases are the least widespread for five years.

"Escalating costs are at last becoming something less than a universal experience," according to the CBI.

But, while investment intentions remain strong, employment prospects were not improving because manufacturing companies were, if anything, cutting back *on the numbers they* employed.

"There is little sign that any revival in consumer spending is yet reflected in manufacturing activity: recession continues.

Surprising

"In such circumstances, appreciation of the exchange rate is unwelcome: the price competitiveness for British industry has been eroded. The need for genuine pay restraint, made easier by a continued reduction in the rate of retail price inflation, and for strong improvements in productivity is underlined."

The CBI admits it was surprising that investment intentions remained strong, but warns: "As long as there is a substantial gap between changes in the cost of labour and in the productivity of labour, the possibility that some of these intentions will fail to bear fruit is a very real one."

The *survey does not indicate* that the level of employment in manufacturing industry is likely to rise much in the short term and the trends were weakest among larger companies and those in chemicals, ferrous metals, man-made fibres, spinning and weaving.

Nevertheless, shortage of skilled labour was one factor *likely to limit output in some* areas. Overall, such shortages were a problem for only 18 per cent. of companies, which the CBI considers the sort of figure one would expect, given present capacity working.

But in various branches of mechanical engineering, including machine tools, as well as in the motor vehicles and the *hosiery and knitwear sectors,* skilled labour shortages were being reported quite widely.

Weakening

Shortages of unskilled labour were worst in the motor vehicles businesses, where 28 per cent. of companies reported this problem as a constraint. Overall, the general level was 4 per cent.

By far the most important potential constraints to production over the coming months was a shortage of orders or sales, *mentioned by 77 per cent. of* companies studied.

The survey suggests a pronounced weakening of companies' total order books, with 46 per cent. considering their order books to be below normal and only 12 per cent. above normal. The "balance" of 34 per cent. between these two figures is the least favourable recorded *since the survey took this issue* up in its questionnaire last April.

Order books were specially low among companies in man-made fibre production, ferrous metals, and electrical consumer goods. "There are few, if any bright spots, but the smaller firms do appear to be a little less gloomy than the large."

The CBI finds a marginal im*provement in new orders in the* past four months. But some parts of manufacturing industry —electronic goods, instrument engineering, printing and publishing—report that the past four months have been good for new orders.

Optimism about export prospects has deteriorated to such an extent that pessimism about the outlook for exports is as widespread now as optimism was 12 months ago.

This marked deterioration has been associated with a weakening trend in the volume of new export orders. Only 14 per cent. of companies judge their export order books above normal while 36 per cent. said these were below normal. Trends in the volume of export deliveries also seemed less buoyant now than in mid-1977.

Many companies expressed worry about the effects—some *already being felt—of diminish*ing price competitiveness abroad. The decline in this competition has happened despite considerably less widespread increases in export prices.

On unit costs and selling prices, 67 per cent. of companies reported that average costs per unit of output have risen over the past four months and 4 per cent. reported a fall.

"Although clearly still a high — and worrying — figure, the 'balance' of 63 suggests that increasing costs have been less *general since September than at* any time over the previous 4½ years," says the CBI. Expectations for the next four months also pointed to less widespread pressure on costs than at any time over the past few years.

Turning to average prices, the CBI says it seems possible, in the short term, that the rate of price increases may be stabilis*ing, with little change in reports* over the past six months.

On overall business confidence, the survey shows that, while 63 per cent. of firms report that their optimism about the general business situation is the same as it was four months ago, 19 per cent. are more optimistic and 18 per cent. less optimistic.

The smaller firms tend, on balance, to be among the more optimistic. Mounting pessimism is specially apparent in the ferrous metals area, but confidence is returning with some groups elsewhere—the furniture, upholstery *and bedding sector,* and machine tools, for example.

Investment intentions remained strong, especially in larger companies in the chemicals, motor vehicles and electrical engineering areas. They were not so strong, however, in textiles and ferrous metals, the survey notes.

Two-thirds of industry was currently working below capacity, *while the information on stocks* pointed to some reduction in the past four months in raw materials and bought in supplies, but increases in work in progress and finished goods.

CBI Industrial Trends Survey January 1978, No. 67, Full Results. Annual subscription £30 (£20 to non-members). 21 Tothill Street, London, SW1.

Details of trends

TOTAL TRADE—2,100 respondents. All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last November.

	More	Same	Less
Are you more, or less, optimistic than you were four months ago about the general business situation in your industry	19 (18)	63 (64)	18 (18)

Do you expect to authorise *more or less* capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	25 (23)	37 (40)	29 (26)	9 (10)
(b) Plant and machinery	44 (42)	32 (35)	23 (21)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (that is, are you working below a satisfactory full rate of operation)	66 (68)	33 (30)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	12 (14)	41 (40)	46 (45)	2 (1)

	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	17 (18)	59 (58)	9 (10)	14 (14)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends over the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Numbers employed	19 (22)	54 (56)	27 (23)	— (—)	13 (17)	62 (64)	25 (19)	— (—)
Volume of total new orders	28 (29)	45 (46)	25 (23)	2 (2)	29 (30)	58 (60)	10 (8)	3 (3)
of which: Domestic orders	23 (23)	46 (48)	27 (27)	2 (2)	28 (24)	60 (64)	9 (10)	3 (2)
Volume of output	26 (24)	50 (50)	23 (26)	2 (1)	31 (34)	56 (54)	12 (11)	1 (1)
Volume of domestic deliveries	24 (20)	51 (51)	24 (28)	1 (1)	30 (29)	60 (60)	9 (10)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	20 (25)	55 (54)	23 (19)	2 (2)	15 (13)	66 (62)	17 (21)	2 (2)
(b) Work in progress	22 (26)	57 (56)	14 (12)	7 (6)	15 (16)	65 (61)	13 (16)	6 (6)
(c) Finished goods	25 (24)	46 (46)	16 (17)	13 (12)	16 (16)	56 (52)	15 (20)	13 (12)
Average costs per unit of output	67 (74)	29 (23)	4 (3)	1 (—)	68 (70)	28 (27)	3 (2)	1 (—)
Average prices at which: Domestic orders are booked	43 (52)	49 (42)	7 (6)	1 (1)	55 (54)	41 (42)	3 (4)	1 (1)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
14 (14)	42 (40)	15 (16)	4 (5)	3 (3)	3 (2)	2 (3)	18 (17)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
77 (74)	18 (19)	4 (5)	11 (10)	3 (3)	5 (7)	4 (6)

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

(a) I have adequate capacity to meet expected demand	74 (73)
(b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reason or reasons:	
(i) Shortages of internal finance	9 (7)
(ii) Inability to raise external finance	2 (2)
(iii) Shortage of managerial and technical staff	2 (3)
(iv) Shortage of labour	2 (2)
(v) Other	3 (3)
(c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the the following reasons	3 (2)
(i) Not profitable because of the cost of finance	— (—)
(ii) Shortage of internal finance	1 (—)
(iii) Inability to raise external finance	— (—)
(iv) Shortage of managerial and technical staff	1 (—)
(v) Shortage of labour	1 (1)
(vi) Other	2 (1)
(d) None of the above is applicable	23 (23)

Export trade

Companies completing these questions have direct exports exceeding £10,000 a year. Number of respondents 1,468.

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	12 (21)	55 (51)	32 (25)	1 (3)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
Your present export order book is	14 (18)	47 (43)	36 (36)	3 (3)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Volume of total new export orders	30 (30)	41 (42)	25 (26)	3 (4)	22 (33)	59 (51)	16 (12)	3 (3)
Volume of export deliveries	27 (28)	50 (46)	22 (23)	1 (4)	26 (35)	58 (50)	13 (13)	1 (3)
Average prices at which export orders are booked	31 (34)	51 (52)	15 (10)	2 (4)	47 (43)	42 (45)	9 (8)	2 (4)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
63 (61)	18 (20)	5 (8)	12 (11)	35 (38)	14 (11)

Job creation loans

THE SCOTTISH Development Agency is offering *low interest* loans to small businesses in rural areas in an attempt to create jobs.

The scheme, which follows a promise made in the Chancellor's autumn budget statement, will provide up to £30,000 at between 6½ and 9 per cent., depending on the repayment period, which is about 3 per cent. less than present commercial rates.

The loans can be used for machinery, buildings or for working capital and are available to companies in towns and villages with fewer than 15,000 people. They will not preclude the recipients *from qualifying* for other aid, such as regional and Industry Act grants, but retail, agricultural and horticultural concerns are excluded.

Thorn to take over lease

THORN is to take over the lease of the former Courtaulds Ballito hosiery factory at Dowlis, South Wales, and hopes to create an extra 200 jobs.

It intends to transfer the manufacture of tungsten filament and coils to Dowlis, to provide more space in its Merthyr Tydfil factory for increased production of electric lamps.

COMPANY NOTICES

CAISSE NATIONALE DES TELECOMMUNICATIONS

7½% Loan 1972-1984 of FF 125.000.000—

Redemptions due on 1st March 1978 have been made entirely by repurchases in the market. A sum of FF 5.000.000— was provided.

The amount remaining in circulation after 1st March 1978 is FF 110.000.000—.

Financial Agent,
Banque de Paris et des Pays-Bas,
Luxembourg.

CAISSE NATIONALE DES TELECOMMUNICATIONS 8% 1971-86

LOAN OF US$20.000.000

US$1.100.000 of the US$2.000.000 issue due for redemption on 1st March, 1978 has been repurchased in the Market. The remaining US$900.000 was drawn by lot on 13th January 1978, in the presence of a Notary.

Bond numbers drawn
Nos 11459/99—11521/12379 inclusive

Amount outstanding after 1st March, 1978: US$16.000.000

The bonds which have been drawn will cease to bear interest on 1st March 1978. Bonds presented for repayment must be complete with coupons for 1st March, 1979 and following attached and will be paid in accordance with the conditions shown on the bonds.

All bonds repayable on March 1st, 1977, have been presented for repayment.

The Paying Agent
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG

M.I.M. HOLDINGS LIMITED
(Incorporated in Queensland)

NOTICE IS HEREBY GIVEN that the Share Registers of the Company will be closed from 17th February, 1978 to 23rd February, 1978, both dates inclusive, for the payment of an interim dividend of 3 cents (AUST) per share payable on 10th April, 1978.

HILL SAMUEL REGISTRARS LIMITED
London Registrars.

6, Greencoat Place,
London SW1P 1PL.
27th January, 1978.

US$20,000,000 JUGOBANKA

Floating Rate Notes Due 1983

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period February 1st 1978 to August 1st 1978 the Notes will carry an interest rate of 8⅝ per cent. per annum. The interest payable on the relevant interest payment date, August 1st 1978 against coupon No. 2 will be as follows:

Notes in Denominations of US$100.000 $4462.15
Notes in Denominations of US$10 000 $446.22
Notes in Denominations of US$1.000 $44 62

By The Chase Manhattan Bank NA, London Fiscal Agent and Agent Bank.
February 1st, 1978.

THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED
(Incorporated in New South Wales)
INTERIM DIVIDEND 1978

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members will be closed from 3rd March, 1978 to 10th March 1978, both days inclusive, for the purpose of payment of interim dividend.

Transfers for registration prior to such closing must be lodged before 3 p.m. on Monday, 20th February, 1978

By Order of the Chief Board.
J. E. SEARLE.
Chief Manager, London.

BRASILVEST S.A.

Sociedade de Investimento DL No. 1401

Notice of Extraordinary General Meeting

The Company has given notice that an extraordinary general meeting of its shareholders will be held at the Company's offices, Rua Direita, 250, Sao Paulo, Brazil, at 16.00 hours on Friday, 10th February, 1978, to approve certain amendments to the corporate statutes of the Company in compliance with the requirements of the new Brazilian Corporation Law (Law No. 6404) of 15th December, 1976, to elect the undermentioned as members of the administrative council and to approve the remuneration of such members and of the board of directors.

The final draft of the revised statutes together with an English translation of the above mentioned notice and an explanatory circular letter to shareholders of the company relating to the amendments are available on request, at the offices of the paying agents whose addresses are given below, to holders (including subscribers of depositary shares) (third series) of international depositary receipts ("IDR's") representing depositary shares of the company issued by Morgan Guaranty Trust Company of New York.

(1) The following summarises the major amendments to be considered at the above meeting.

(a) The replacement of the Board of Directors by an Administrative Council, as the policy-making body, and a board of directors, appointed by the Administrative Council, as the executive body. The Administrative Council will be elected, and may be dismissed at any time, in general meeting and such amendment will therefore not prejudice the shareholders' present degree of control over the company.

(b) Provision for the payment in each year of a minimum dividend to shareholders, subject to reduction or deferral in certain circumstances, proposed by the Board of Directors to be 25 per cent. of net profit (adjusted for certain allocations to reserves)

(2) As a result of the amendments of the statutes, the general meeting will be required to elect members of the Administrative Council to Office and to approve the annual remuneration of the Administrative Council and Board of Directors as an aggregate sum. The following proposals have been submitted:

(a) Council Members: Messrs. Marcilio Marques Moreira, Fernando Roberto Moreira Salles, Alex Harry Haegler, Gabriel Jorge Ferreira and Julio Cesar Bellsario Vianna (all of whom are present members of the Board of Directors).

(b) Remuneration: Cr. $90.00 in total.

Holders of depositary shares and depositary shares (second series) and subscribers of depositary shares (third series) who wish to have the underlying Cr. $ shares voted at the above meeting must deposit instructions, together with the relevant IDR's (where issued), indicating how such Cr. $ shares should be voted or allowing Morgan Guaranty Trust Company of New York to give a discretionary proxy to a person designated by them at any of the paying agents

MORGAN GUARANTY TRUST CY. OF NEW YORK:
Avenue des Arts, 35, 1040 Brussels
23, Wall Street, New York, NY 10015
33, Lombard Street, London EC3
Stockerstrasse 38, Ch 8022 Zurich
By not later than February 8, 1977, 12 a.m.

REGIE NATIONALE DES USINES RENAULT
7.25%—1972/1987
loan of FF 200,000,000

We inform the bondholders that the March 15, 1978 repayment instalment of FF 3.000.000.— has been made by purchase on the market.

Amount outstanding:
FF 182,000,000.—

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, avenue Emile Reuter
LUXEMBOURG

PERSONAL

DIAMOND INVESTMENT Seminars free! For details contact 01-405 8045. Diamond Selection Limited, 57a, Hatton Garden London EC1

BOND DRAWING

CASSA PER IL MEZZOGIORNO
6% Guaranteed Bonds 1985

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,200,000 due 1st March, 1978 has been met by purchases in the market to the nominal value of U.S.$270,000 and by a drawing of Bonds to the nominal value of U.S.$930,000.

The distinctive numbers of the Bonds, drawn in the presence of a Notary Public, are as follows –

17269 to 17353	17364 to 17397	17399 to 17541	17545 to 17605	17616 to 17635
17641 to 17650	17656 to 17685	17691 to 17700	17706 to 17740	17786 to 17815
17822 to 17830	17843 to 17865	17876 to 17890	19143 to 19527	19529 to 19569

On 1st March, 1978 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1978 and Bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$8,300,000 nominal amount will remain outstanding after 1st March, 1978.

The following Bonds, drawn for redemption on 1st March, 1977 have not yet been presented for payment.

5733 to 5770	5815 to 5824	5841 to 5875	5885 to 5889	6049 6050
8492 to 8525	8536 to 8538	8542 to 8550	8601 to 8625	8671 to 8695
8698 to 8717	8724 to 8763	8794 to 8803	8822	8918 to 8975
9010 9011	9038 to 9047	9061 to 9063	9067	9096 to 9178

30, Gresham Street, London, EC2P 2EB. 1st February, 1978

LABOUR NEWS

Pay rise sought by ¼m. civil servants

BY OUR LABOUR STAFF

MORE THAN 250.000 civil servants yesterday put in a claim for "substantial" pay increases. They gave a warning that an offer below the Government's 10 per cent. maximum for wage rises would be "totally unacceptable."

A consortium of six civil service unions representing a total of 254.000 civil servants made it clear in a letter to the Civil Service Department that they would not be prepared to accept any pay offer which discriminated against public sector workers.

The letter from the consortium—which was set up to press a claim for all civil servants until two of the major unions decided to put their own claims *forward independently*—said:

"There is now widespread evidence of the general level of settlements, and we make no apology for making it clear beyond possibility of misunderstanding that any proposal which falls below this level will be totally unacceptable and will produce the strongest reactions."

Other claims

The two civil service unions which will be negotiating independently on pay, the 230,000-member Civil and Public Services Association, and the 105.000-member Society of Civil and Public Servants, have both said their pay claims exceed the 10 per cent. guidelines. The Society's claim is believed to be for around 20 per cent.

The consortium has not given any details of the rise it will ask *for. It seems determined* not to accept any offer below 10 per cent. but its members feel that claims for as much as 20 per cent. are unrealistic.

European trade union backing sought on jobs

BY ALAN PIKE, LABOUR CORRESPONDENT

TUC REPRESENTATIVES argued strongly in favour of continuation of the Government's Temporary Employment Subsidy in its present form at a meeting with Mr. Albert Booth, Employment Secretary, and other ministers yesterday.

The Government met union officials and employers' representatives from the industries which would be most directly concerned if it is forced by EEC Commission pressure to restrict application of the subsidy.

Neither unions nor employers believe that the proposed alternative—a short-time working subsidy—would be as effective as the temporary employment subsidy.

TUC leaders plan to seek European trade union support in an attempt to persuade the Commission that its complaint that the subsidy is having a distorting effect on competition in some industries is "arbitrary" and "inappropriate in current circumstances."

A TUC statement described pressure by the Commission on the U.K. Government to modify the subsidy as an "unwelcome intervention" which took inadequate account of the disruptive effect which such modifications could produce.

The committee is concerned about disproportionate use of the temporary employment subsidy in the textile, clothing and footwear industries.

At present 105,000 of the 180,000 total subsidy payments are going to textile, clothing and footwear employers.

Ministers yesterday outlined the proposals which they will introduce, if necessary, to both union representatives and employers from the three industries most directly involved.

An enabling Bill making it possible to introduce a short-time working scheme, which would be restricted to the three *industries, will be introduced in* Parliament in about a fortnight.

Employers believe that the proposals would be less desirable than the present subsidy although better than nothing.

Ministers have not yet given up the fight to maintain the subsidy, under which employers can *claim payments of £20 per person per week in return for avoiding redundancies.*

The Government has told the Commission that it does not believe the subsidy is distorting competition as Eire and Denmark have complained. It stresses that the subsidy has helped many companies back to a firmer financial footing.

However, the Commission could try through the European court to force the Government to restrict use of the subsidy, and Ministers would almost certainly not wish to take the fight so far.

British officials are confident that the short-time working scheme, despite the reservations of unions and employers, would receive Commission approval since it would go to people who were not working for part of the week, rather than maintaining them in full-time jobs.

Steel committee sacking urged

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT is urged to-day to sack the select committee on steel as "the best service the Government could give the steel industry."

Mr. John Boyd, a leader of the engineers' union, adds his voice to growing union criticism of the body in his union's journal, published to-day.

The general secretary of the engineering section of the Amalgamated Union of Engineering Workers describes the all-party committee as "shallow and hypocritical" in its behaviour.

His comments follow the committee's recent row with BSC management over whether the revised loss expectation of about £520m. this financial year was concealed deliberately or through negligence.

They complement a recent attack on the Labour members of the committee by Mr. William Sirs, general secretary of the Iron and Steel Trades Confederation.

Mr. Sirs accused the Labour Party's representatives of playing the Tory game in putting their names to a report on steel closures other than those on the Beswick list.

Mr. Boyd calls for BSC and union encouragement of joint planning of a more cost-conscious industry fit to compete on the world market.

"The humblest greaser or slinger in any steel works could tell them (the committee) that huge losses are inevitable in the *present circumstances,*" Mr. Boyd says.

"All this nonsense that facts and figures have been witheld is all so much silly superficiality against the serious economic facts, which even a blind man can see."

Mr. Boyd, a former steel industry apprentice, shop steward, convenor and chief union negotiator and author of a book on the industry, was a founder member of the industry's trade union consultative committee.

Factory workers laid off as lorry strike continues

FINANCIAL TIMES REPORTER

STRIKING lorry drivers maintained *their picket lines at South* Wales ports and big factories yesterday in their campaign for a £53 50 basic wage.

The strike, which began on Monday, has already led to the laying-off of 4.000 workers at Hoover's washing machine factory in Merthyr Tydfil.

Hoover says that a drivers' picket line has prevented lorries from moving in or out, forcing it to lay off most of its workers.

The strike has also begun to hit food supplies for farm animals. The Farmers Union warned that animals would start to starve soon as supplies of manufactured goods were drying up.

More than 2.000 drivers, mostly Transport and General Workers' Union members, are on strike.

Employers, members of the Road Haulage Association, have offered a 10 per cent. rise on the £40 basic wage for a 40-hour week, but the drivers demand consolidation into their basic *pay of previous pay rises amounting* to £8.50, before the 10 per cent. rise is calculated.

Some South Wales members of the Road Haulage Association have said that they are prepared to meet the drivers' demands, but there are no signs of official negotiations being renewed.

NUJ to review sanctions at provincial newspapers

BY OUR LABOUR STAFF

THE NATIONAL Union of Journalists will hold an emergency committee meeting later this week to review the effects of journalists' sanctions on provincial newspapers in a pay row.

The union also says it is seeking legal advice on what it describes as a "lock-out" yesterday on the Kent Messenger where 33 journalists were suspended without pay for applying sanctions.

The union claimed last night that the "vast majority" of union chapels had implemented union instructions to withdraw goodwill and co-operation from the beginning of this week. Sanctions include an overtime ban, a ban on night jobs and a refusal to use private cars or handle advertising features.

The Newspaper Society, representing the employers, said last night, however, that many NUJ chapels were not applying sanctions

The pay row follows union acceptance of a national 10 per cent. pay offer from the Society and centres on the employers' ban on further pay negotiations being pursued at house level.

● A pay dispute has meant that for the second week running Reveille has not been printed.

Mirror Group Newspapers said last night that machine minders, members of the National Graphical Association, had claimed parity with compositors. The 24 men refused a productivity deal and despite a plea by union officials refused to print

Effectiveness of ACAS queried

BY OUR LABOUR EDITOR

ONLY 10 per cent. of employers have granted union recognition following a recommendation by the Advisory, Conciliation and Arbitration Service to do so, it is claimed.

Many employers have asked ACAS to reverse its findings, some have challenged the agency in the courts and others have ignored the findings because they cannot be statutorily enforced.

These claims result from a survey to be published next week in the *fortnightly journal Industrial Relations Review and Report.* The authors claim that ACAS' recognition work "has had only a limited effect on the development of collective bargaining."

They attribute this to lack of teeth in the legislation, and to the time an ACAS inquiry takes.

Under the Employment Protection Act, employees cannot seek enforcement of union recognition, but can ultimately appeal to the Central Arbitration Committee for a terms-and-conditions award as if they had collective representation.

The survey says that in only ten of 93 cases so far have employers granted recognition. In 16 cases they have asked ACAS to revoke its findings.

In the wake of Grunwick's successful resistance of ACAS through the courts, and of other less-publicised challenges to its procedures—now the subject of amending legislation from two Labour MPs — ACAS has admitted that its chances of winning employer co-operation have been seriously damaged.

Ford men to stay out at Halewood

By Philip Bassett, Labour Staff

THE UNOFFICIAL STRIKE which has stopped production at the Ford car plant at Halewood, Merseyside, worsened yesterday as 1.000 striking pressroom workers voted to stay out.

No plans for a further meeting were made at the mass meeting in Liverpool, and the effects of *the strike, in its fourth week* have started to spread to the rest of the company.

A shortage of body panels from Halewood caused 660 of the 2.500 workers at Ford's Southampton plant to be laid off last night.

More production cuts and lay-offs *are likely to follow.* Ford has stopped production at the Halewood transmission factory, which supplies Southampton and Dagenham, because of shortage of raw materials, and 1,700 men there were laid off.

This brings the total laid off to nearly 10.000. All production *cars*, gearboxes and components has been halted.

Points opposed

Ford said at the week-end that only one point was outstanding in the nine-point plan of work practices it is trying to bring *into Halewood.*

But at the mass meeting the men had returned to the position they held almost at the start of the dispute by opposing two points affecting supervision and loss of production.

Mr. Eric Cooper, Transport and General Workers' Union convenor in the pressroom, said after the meeting: "We will now wait for the management to approach us with firm proposals. It is up to them."

A Ford official at Halewood said: "We are extremely concerned and are reviewing the situation."

● A strike by 80 workers at the Leyland Cars Longbridge plant hit production of the Mini yesterday, when the company halted one of the three Mini assembly tracks. The men claim that the management ignored procedure in closing the line, but Leyland said that the track was halted "in the interests of efficiency and productivity."

Overtime ban may cause Tyne lay-offs

By Our Own Correspondent

ABOUT 1,000 men of all trades—nearly one-third of the total workforce—are due to be laid off by the end of the week in the Tyne's six nationalised shiprepair yards because of a boiler*makers'* overtime ban imposed a week ago.

The ban has already lost the group a dozen ships and the yards are now rapidly running out of their present work. Some will be empty with in a few days.

Many of the workforce have already been sent home on "idle time" of £52 a week *for skilled* grades, less for ancillaries.

But Mr. Robert Butler, chief executive, yesterday told shop stewards that this was no longer economical. Starting to-morrow men would be laid off on to the dole.

Non-incentive payment can go ahead

Financial Times Reporter

THE DEPARTMENT of Employment has allowed a 6p per hour non-incentive payment for 40,000 electricians, the employer's group the Electrical Contractors' Association has claimed.

The non-incentive payment, which provides "fall-back" payments for electricians on contract, who are unable to secure bonus earnings from new productivity schemes, was part of a pay settlement which was agreed by the Association and the Electrical and Plumbing Trades Union, but to which the Department objected.

The Department said yesterday that talks with representatives from the industry were still going on.

The electricians' union has urged its members to take industrial action is necessary to implement the full pay deal.

Hospital staff go on strike

THE DEATH of a hospital porter has led to a walk-out by 200 fellow workers at Westminster Hospital and two associated hospitals.

They claim that Mr. Lorelo Galano, a 35-year-old Filipino who died on Monday, was left without medical attention

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Ferranti bids for a major market

WITH THE recent acquisition of Interdesign Incorporated, Sunnyvale, California, Ferranti is planning a major pentration of the vast U.S. electronic components market for its ULA, for Uncommitted Logic Array, technology for the production of integrated circuits to customers' special requirements.

Speaking to the Financial Times yesterday, Robert W. Townley, president of Interdesign, described Ferranti's ULA and his company's own Monochip linear technology as complementary. The availability through Interdesign of ULA in the U.S. where the market for custom and semi-custom devices was estimated at about $350m. a year should enable the combined venture to reach a market between $20m. and $50m. in the fairly near future. Interdesign's turnover in 1977 was $5m.

The attraction of both methods of circuit design is that they permit a manufacturer of electronic equipment to match his engineers' specifications much more closely than by adapting high-volume standard products. At the same time, the cost of customising is not high since Interdesign, for instance, takes four weeks and charges $2,800 for all tooling. Some two-thirds of Monochips delivered are designed by the user.

This does not mean that production of the resulting devices must be a limited run. Nevertheless, the claim is that Monochip, for instance, will pay off for requirements of over 5,000 a year, and that production quantities between 5,000 and 100,000 can be available in eight weeks.

Ferranti intends to market Monochip in Europe and perhaps ultimately in Australia and Japan. Meanwhile, senior Ferranti technologists will be going to Sunnyvale on a semi-permanent basis in order to implant ULA there.

The irony of the situation is that the basic circuit technology underlying ULA is one that was originally thought of at Bell Labs, but not pursued. Now, a fully developed state of the art, it is going to be sold on home ground, so to speak, by a company which was convinced from the outset that the process, CDI, had considerable promise despite initial development problems.

At present, the marketing breakdown in the U.S. by Interdesign is between 50 and 60 per cent. industrial, 30 per cent. consumer and the remainder military, with the latter share tending to grow though the company has so far made no particular drive on this market.

For its part, Ferranti has scored some major successes in custom circuit design in Britain, one of which was the production of the complex, high performance large scale integration chip for a range of digital meters produced by Racal, and sold by the latter worldwide.

As in the case of Interdesign, users here have found that the stocking by Ferranti of a selection of ULA devices on which large numbers of functions are already present and tested can speed up the remainder of the design process by many weeks, and by the same token, accelerate moves into full production. This is essential if inventors are to take sufficient financial advantage of the lead time a bright idea can give their companies.

Ferranti, Hollinwood, Lancs. 061 681 2000.

● MATERIALS

Resistant to abrasion

SPECIALLY formulated tough polyurethane (Shore hardness of 80) with an embedded open lattice reinforcement of 1.2 mm thick steel is now available in sheet form for applications where resistance to wear from handling bulk materials is required.

Tufsheet is stated to have impact, shear force and abrasion resistance better than ordinary rubber sheeting several times as thick. It is *claimed to resist* materials such as iron ore, coke, coal, ash, grain, gravel, and sand, and to be unaffected by low temperature, water, weak acids, tar and oil.

Sheets are available measuring 8ft. x 4ft and ¼, ⅜ and ½ inch thick. They can be cut and drilled with ordinary hand tools, and are sufficiently flexible to conform to a curved surface. The sheets have a moulded pattern of holes for bolting to a substrate, and polyurethane caps can be supplied to cover the bolt heads and provide a completely flush surface.

Typical applications are for the protection of silos, chutes, hoppers, dump trucks, dredgers, etc. *The sheet is also said to* reduce the noise levels when falling material strikes it.

More from the maker, Hytek Mouldings, Hallcroft Industrial Estate, Retford, Notts. DN22 7SS (0777 700126).

● HANDLING

Curves give conveyors flexibility

LING SYSTEMS can supply Multiway powered conveyor curves of up to a full 360 degrees, in two inside radii—766mm (30 inches) and 941mm (37 inches). Eleven standard belt widths are available between 325mm (13 inches) and 1,300mm (52 inches).

Multiway curves offer the advantage over other types of *powered conveyor bends in that* they are maintenance and adjustment-free and the belts used do not suffer from tracking problems since they are sprocket driven.

Made from injection-moulded links in glass reinforced nylon 6, hinged with corrosion-resistant steel rods, the belts withstand tough working environments and are hygienic, making them particularly suitable for food processing applications. They are easily cleaned, using standard brush rollers, hot-water, steam or detergent baths. In the event of accidental physical damage, individual links can be replaced cheaply and rapidly.

Temperature range is from minus 40 degrees C to 120 degrees C. Because of the tough nature of the belt, heavy loadings can be accommodated.

Ling Systems is at Unit 8, Station Road, Gamblingay, Sandy, Beds. 0767 50101.

● MAINTENANCE

Cleans the sewers

NAMED THE Whale Combination, the latest cleansing vehicle from Whale Tankers is fitted with both an exhauster, and a pump capable of delivering up to 75 gal/min at 10,000 psi. A separate engine may be fitted as an option on chassis where insufficient pto power is available *for the pump*.

Other fittings include a hydraulically raised 6-inch bore gully arm with remote valve controls, hydraulically driven high pressure hose reel and rear door, as well as inlet and outlet valves for straightforward vacuum tanker work.

Internal load filtration and a system for separating oily sludge from the rest of the load is incorporated, and the tank can be partitioned into two or three compartments. Tank capacity on the first model is 2,600 gal.

In addition to jetting and descaling work in sewers up to 6 feet diameter, the high pressure water system is designed to power turbine driven rock cutting heads used to cut through *collapsed and blocked drains* and sewers. A high pressure band water gun with its own hose reel can also be fitted.

Details from the maker at Ravenshaw Lane, Solihull, West Midlands B91 2SU (021-704 3191).

● RETAILING

Point-of-sale systems warning

POTENTIAL users of the new European Article Numbering system (EAN), launched in Britain last week, have been given a warning on too rapid adoption of fully automatic systems based on the code.

Bill Patton, vice president, marketing, of MSI Data Corporation indicated that while it was the intention in the future that the majority of grocery packaged goods would have the EAN product code symbol printed on their containers, its implementation might be very slow.

All *retailers — particularly* high-volume operations such as supermarkets—would be affected and "the unique numbering would allow automatic capture of information on coded articles for such tasks as stock control and sales reporting at point-of-sale terminals.

American experience with the Universal Product Code symbol (UPC), announced in 1973, showed that it would be several years before packaged goods manufacturers had marked a sufficiently large proportion of merchandise to make point-of-sale systems viable. Any consideration by U.K. retailers should take into account this delay—and also the fact that it would be a long time before all manufacturers were registered on the EAN number bank.

Slow implementation in America was underlined by the fact that in August, 1977, the Food Marketing Institute there reported that out of 200,000 food stores, only 173 had point-of-sale systems with scanning operations.

Patton said suitable point-of-sale terminals with scanners cost around £3,000 per checkout and required the support of an in-store computer. The cost of the latter must be spread over the number of checkouts in the supermarket. In the U.K. supermarkets had an average of eight to ten checkouts, far less than their American counterparts. Total cost per checkout could be as high as £4,500 in Britain.

At a far lower cost, retailers could quickly take advantage of the introduction of European Article Numbering by adopting a stock replenishment system using portable data terminals, such as the units made by his own organisation.

MSI's approach was simple. Shelf labels, rather than the products themselves, could be printed, showing a description and bar-coded EAN equivalent. When reviewing stock for replenishment purposes, the retailer would pass a wand scanner attached to an MSI terminal over the bar-coded shelf label and record the quantity required. Then, by coupling the terminal to an ordinary telephone, the information could be automatically transmitted to a *computer centre or warehouse*.

Even though he had no computer, no distribution system and no warehouse, the small independent retailer could use the MSI system if he was ordering principally from one supplier as in the case of symbol groups. All he needed was a simple MSI terminal costing around £1,000, and shelf labels. He could thus get 90 per cent. of the benefit of article numbering for a fraction of the cost of cash registers with scanning devices, Patton asserted.

MSI is at Data House, St. Ives Road, Maidenhead, Berks. 0628 33121.

● DATA PROCESSING

Micro keeps boilers efficient

COMPUTERS and Automation division of ERA has developed for Westinghouse Electric, the software for a microprocessor-based Model 218 oxygen analyser system which facilitates operational self checking and automatic dynamic calibration to provide an improvement in accuracy over standard systems, without any need for human intervention, routine calibration or maintenance.

Accurate control of the fuel/air mixture in fossil-fuelled power station boilers results in maximum fuel efficiency, minimum pollution and on oil fired units, minimisation of boiler back-end corrosion with its attendant maintenance and down-time.

One of the effective methods of implementing this control is to monitor the oxygen content of the exhaust flue gases. The basic Westinghouse analyser is already well proven. Its use, however, does require additional ancillary analogue electronics and to check or calibrate the actual probe demands manual flushing of test gases.

Westinghouse decided to design and build a four-probe system to provide a completely self-checking, self-calibrating system requiring no human intervention apart from when a malfunction is detected; also to provide a means for complete system and accuracy checkout and calibration on command — either by boiler operators or by the efficiency department — remotely, from the control room.

Automatic calibration of all probes is achieved by flushing test gases of known oxygen content through the probes sequentially every 24 hours.

Generation of a single "maintenance required" signal indicate, locally and remotely, that a fault has occurred in the computer, probes, controller or test gas, together with diagnostic fault indication.

Execution of all arithmetic is to sufficient precision to maintain the probes to better than 5 per cent. of reading accuracy capability.

The new equipment has already completed over 2000 hours of operational service at a major power station without the need for software revision.

It is conservatively estimated that, in a typical installation, the improvement in fuel efficiency and saving in maintenance alone will recover the unit's capital cost well within a year.

ERA, Cleeve Road, Leatherhead, Surrey KT22 7SA. 03723 74151.

● SAFETY

Dispensing from drums made safer

EQUIPMENT THAT enables low flash point liquids to be dispensed from drums as required, without the usual accessories needed for preventing sparks from static electricity, has been developed by Justrite Manufacturing Co., Chicago, U.S.

Grounding cables and bonding wire between the drum and container being filled are not necessary when using the company's non-metallic safety can and transfer pump with self-bonding hose. A safety drip can is also available—this is lidless with a perforated fire baffle over the opening, and a capacity of one gallon. The equipment has been approved by the U.S. Factory Mutual System, and the Underwriters' Laboratories.

Marketing in the U.K. is by Molnar Machinery, 6, The Broadway, Woking, Surrey, GU21 5AR (04862 64646).

● INSTRUMENTS

Easily used generator

DESIGNED with the servicing of mobile communications equipment in mind, the SSG 520 synthesised signal generator from Farnell Instruments can carry out measurement, test and alignment tasks in the 10 to 520 MHz with maximum convenience and efficiency.

Speed and accuracy of frequency selection is helped by the use of thumbwheel switches, and ranging is automatic. No frequency meter is needed—the frequency is set precisely on the seven digit thumbwheel display. Resolution over the entire frequency range is 100 Hz. An added convenience is a frequency memory; no re-tuning is needed after a power switch-off.

The voltage output level can be set to within one decibel over the whole band and the rotary controls are arranged with 1 dB click stops over 119 dB. A vernier provides continuous control between the steps and an edge-meter also shows the level setting.

The company claims that the instrument permits "totally unambiguous" sensitivity measurements down to 0.2 microvolts (or to 0.05 microvolt using a 20 dB pad). For easy servicing, most of the instrument comes apart in module form. More from Sandbeck Way, Wetherby, Yorkshire, LS22 4DH (0937 63541).

● MACHINE TOOLS

Automatic nut tapping

SUITABLE FOR both short and long runs, the latest Streicher automatic nut tapping machine uses bent shank taps, and a clamping fixture to ensure that the thread is tapped square to the nut face.

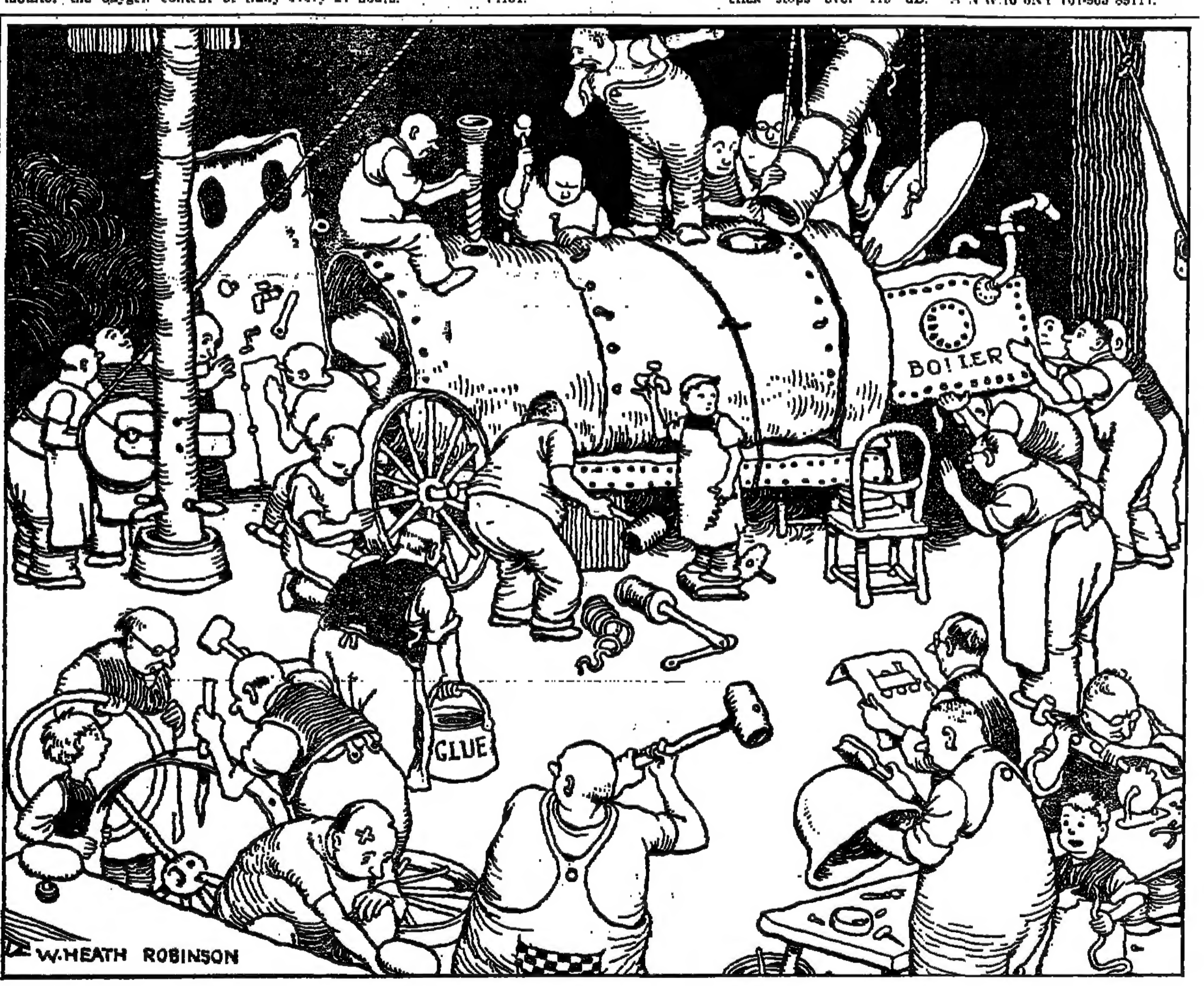
Control is by a closed loop hydraulic system, which keeps the feed synchronised with the spindle rotation. It can be quickly set to the required pitch and eliminates the usual mechanical parts such as cams, change gears, etc.

For small batches, components are fed manually, but an automatic feed can be fitted for long runs.

Driven by a 5.3 h.p. motor, spindle speeds from 30 to 320 rpm are available. Tapping capacity is from M24 to M56 (150 m.m. thread diameters) and output is 40 to 600 parts/hr.

The machine is primarily intended for tapping square, hexagonal and octagonal nuts, although round parts can be *tackled in conjunction with* special work holding equipment.

Marketing in the U.K. is by Elgar Machine Tool Co., Bec House, Victoria Road, London N.W.10 6NY (01-965 8911).



BOND DRAWING

Party leaders clash on race

BY JOHN HUNT, Parliamentary Correspondent

THE SMOULDERING controversy over immigration flared into a major Commons ro wyesterday with Mrs. Margaret Thatcher, Leader of the Opposition, engaging in a long and bitter duel with the Prime Minister.

The abrasive tone of the two leaders was matched by the partisan mood of MPs of both major parties during noisy exchanges, which took up all of Prime Minister's question time.

The Speaker, Mr. George Thomas, repeatedly called the House to order as Mrs. Thatcher's words were drowned by Labour chants of "Racist."

Tory shouts of "Rubbish" greeted Mr. Callaghan as he defended the Government's record and claimed that all the loop-holes in immigration regulations were now closed. Mr. Andrew Faulds (Lab., Warley E.) could be heard referring to Mrs. Thatcher as "that bloody woman" as the Speaker ordered him to control himself.

The row broke when Mr. Callaghan declared that, in the light of her hard-line television remarks on immigration, Mrs. Thatcher had a responsibility to make it absolutely clear what her party was proposing. She could no longer take refuge in saying that she wanted "a clear prospect of ending immigration."

He said there were only two ways she could fulfil such an undertaking: either by sending back immigrants who had been living in Britain for years, or cutting back on the number of relatives allowed in.

"I have never wavered in my view on the significance and importance of limiting immigration in order to have good race relations," the Prime Minister told the House.

As Mr. Enoch Powell, the former Tory Cabinet Minister, shook his head in dissent, Mr. Callaghan said that only 28,000 new immigrants came in last year and up to October 1, only 750 came in on the basis of work vouchers. Numbers were 25 per cent. down on the previous year. In addition, 16,200 already living here had been given citizenship during the year.

"It must follow that the numbers are likely to fall and this is, indeed, what is happening," he said. "I know of no better policy than that and I will stand by it."

There were roars of support from the Conservatives as Mrs. Thatcher recalled that 18 months ago the Prime Minister had agreed that the number of immigrants entering the country was an important element in racial harmony.

"Do you still take that view?" she demanded. "Are you proposing to take no action whatsoever to tighten up the immigration rules?"

Mrs. Thatcher claimed that 28,000 was not the full figure, and also wanted to know the total numbers entitled to come into Britain from the Commonwealth. If they were all allowed in, how could it be reconciled with Mr. Callaghan's earlier statement that numbers were an important factor in race relations?

But support was forthcoming for the Government from Mr. David Steel, the Liberal leader. He maintained that vague Conservative talk of reducing immigration only encouraged "fear, uncertainty and prejudice."

The row ended with Mr. Callaghan appealing to MPs not to engender too much heat on the issue — a forlorn hope judging by the Opposition jeers which greeted his remark.

Whoever won yesterday's verbal battle, one thing emerged for certain. Immigration has now been made a central and emotive issue at the next general election.

Deakins denies 'muddle' over new drugs law

A TORY atempt to delay a new drugs law beyond mid-night last night was resisted by Mr. Eric Deakins, Health Under-Secretary, in the Commons.

Dr. Gerard Vaughan, Opposition spokesman, protested: "The Government has created an unbelievable muddle over this."

The new law restricts the sale of some popular pills and medicines by chemists without prescriptions.

After complaints that chemists had not been given enough time to learn of the new restrictions, the Government had announced in a Commons committee, earlier yesterday that they would be given an extra six months.

But it will take about two weeks to amend the law in which time chemists will, technically, be breaking the law if they sell the restricted drugs.

Dr. Vaughan argued that the MPs would not wish the change in the drugs law to go ahead that night when they knew it would be changed again in two weeks time.

Mr. Deakins replied: "There has been no muddle, it is absurd for members of the pharmacy industry to come along now and say they only knew about this at the last minute." Consultations had gone on for four years and details of the new law had been made known more than three months ago, he said.

He assured the House that the vast majority of home remedies would continue to remain available without prescription.

Mr. Graham Page (C., Crosby) asked Mr. Deakins to recognise that the Government had made a blunder. He asked whether chemists would be acting illegally during the time it took to introduce the amending order.

Mr. Deakins denied any blunder. He did not think that any chemists would disobey the law. What the Government had done was to make a last-minute concession, in response to last-minute representations from the pharmaceutical industry.

The pharmaceutical industry had received very good notice —over three months—of the Government's intentions, the Minister declared.

A request for an emergency debate on the effect of the Government's actions on veterinary medicines was made by Mr. Patrick Mayhew (C., Tunbridge Wells). His plea was rejected by the Speaker.

Bill raises limit on Co-op deposits

THE LORDS yesterday supported a bid by Labour peer Lord Jacques to raise the legal limit on the amount of money which may be paid into Co-operative Society deposit accounts.

Under his proposed Bill, which was given an unopposed second reading, Lord Jacques had intended to raise the limit on the amount held in an account for £50 to £500, and the limit on individual deposits from £2 to £20.

But he said he was prepared to accept Treasury advice that the increases should not be so large. The Treasury supported £250 and £10 as the new maxima and he would seek to change the Bill at a later stage.

Lord Jacques said the frustration caused by the old limits had led to a decline in the amount deposited with Co-operative Societies. The holdings had fallen from £7m. in 1966 to £4m. in 1976.

It would fade away altogether if some change was not made in the maxima to correspond with inflation.

For the Government, Baroness Birk supported the Bill, provided the Treasury suggestions were accepted. "The Government accepts there is a clear case for some increase," she said.

For the Opposition, Lord Cullen also supported the Bill.

Job measures cost £402m.

ESTIMATED EXPENDITURE on special employment measures for 1977-78 is £402m., Mr. John Golding, Employment Under Secretary, said in a Commons written reply yesterday.

Pym urged to reveal Tory line on Scottish MPs

BY IVOR OWEN, PARLIAMENTARY STAFF

PRESSURE FROM the Government and minority Opposition parties to force Mr. Francis Pym, chief Conservative spokesman on devolution, to admit that he favours a reduction in the 71 Scottish MPs, once the Scottish Assembly is established, failed in the Commons last night.

He doggedly refused to go beyond reiterating the formal position adopted by the Conservative Party that the question of Scottish representation at Westminster, after the transfer power provided by the Scotland Bill takes effect, should be examined by a Speaker's conference.

Mr. Pym moved a new clause requiring the appointment of such a conference when MPs resumed the committee stage of the Bill which, under the guillotine procedure, will be completed to-day.

He repeated earlier warnings that there would be dire consequences once it was generally realised that decisions in the Comons on issues of vital importance to England and Wales could be determined by Scottish MPs even when, because of devolution, they were no longer able to decide such matters in Scotland.

The day that the votes of Scottish MPs caused the Commons to decide a matter for England in a way which English MPs did not accept, "all this will be blown out of the water," he declared.

Mr. Pym stressed that the Conservative Party had no desire to reduce the number of Scottish MPs, nor any desire to alter their responsibilities.

But, if the Bill were carried into law, despite the anxiety expressed by the Opposition about its potential threat to the unity of the U.K., the position would have to be reviewed.

"Once these responsibilities are transferred to the Scottish Executive and the Scottish Assembly, how can 71 Scottish MPs be justified?" he asked.

Mr. John Smith, Minister in charge of the Bill, claimed that by posing this question Mr. Pym had implied that the number of Scottish MPs should be reduced as a consequence of devolution. "Is that what you're saying, or is it not?" he demanded.

Mr. Pym replied that the proposal for a Speaker's Conference was designed to enable proper consideration to be given by a procedure which had the support of all the political parties to the situation which would arise when devolution diminished the responsibilities of Scottish MPs at Westminster. The task of the Speaker's Conference would be to examine the case for a possible reduction of Scottish represeniatioin.

Mr. Pym maintained this position in the face of further challenges from Mr. Enoch Powell (UU, Down S) and Mr. Alan Beith (L., Berwick on Tweed), who pressed for some indication of the proposals which the Conservative Party wished to submit to the Speaker's conference.

The Conservative Party would be giving evidence to the Speaker's conference, but it would not be disclosed in advance, Mr. Pym declared.

He contended that the Government's desire to see the present number of Scottish MPs remain unchanged after devolution reflected a determination to "gerrymander."

Mr. Pym . . . refused to disclose proposals.

Amid Tory cheers, he insisted: "The object of the Bill is to get those Members here so that their votes can be used to continue the process of imposing Socialism on the United Kingdom."

Mr. Powell said that the Tories wanted to invite a Speaker's Conference "to address itself to the squaring of the circle, the resolution of the irresolvable."

H added: "Under the guise of referring this question to a hypothetical Speaker's Conference, we are once again examining the built-in impossibility of maintaining a unitary Parliamentary state while establishing home rule in part of that state."

Mr. Powell said it would be a "manifest absurdity" if the Scots and their own Assembly but were still able to vote on "crusciai decisions" in Parliament that affected only England, Wales and Northern Ireland.

"It is unreal to suppose that we can separate one category of our business which affects England, Walos and Northern Ireland, but not Scotland," he said. He and his colleagues would oppose the Tory proposal.

Mr. Tam Dalyell (Lab., West Lothian) said: "This is the rock on which the previous Bill foundered and no Speaker's Conference would put a detonator under that rock."

If the problems of the Bill could not be reduced by 34 days of debate, they could not be solved by such a conference.

Mr. Dalyell claimed the only thing that was keeping the Bill alive was the "misplaced embarrassment" of some Miinster and colleagues. He urged the Prime Minister to "admit with all the grace and charm he has that his endorsement of devolution was a mistake."

Scottish Nationalist leader, Mr. Donald Stewart, said that when a Scottish Government was in operation with genuine and substantial powers, a Speaker's Conference could usefully discuss the Tory proposal.

Until then it was simply an example of "imperialist divide-and-rule tactics." It was devoid of commonsense, relevance and justice, and should be rejected.

Mr. David Price (C Eastleigh) said that all members of the House must be equal. "I believe that if this Bill becomes an Act of Parliament, there must be reduced Scottish representation in this House"

Minister flies to snow-hit Highlands

SCOTTISH Under Secretary, Mr. Harry Ewing, was flying to Inverness to be on the spot for relief operations in the blizzard-hit Highlands, Mr. Bruce Millan, Scottish Secretary, told the Commons yesterday.

Mr. Millan said that four people had died as a direct result of the storms and one man was still missing. He expressed his sympathy to the relatives of the dead.

"Because of the disruption to communications by road, rail and telephone, information about the effects of the storm on the more remote areas, particularly north-west Sutherland, is not comprehensive," the Secretary of State added.

He was keeping a close watch the people on the spot who knew the local circumstances.

Extra snow clearing equipment was being sent to the area and the RAF was bringing in a large snow-blower from Switzerland.

Mr. Teddy Taylor, shadow Scottish Secretary, asked for a review of early warning arrangements for motorists and other travellers, many of whom had been trapped by the sudden blizzards.

Mr. Millan promised to study advance warning arrangements, and said that the Government would also look sympathetically at claims for cash aid when the final situation was clear.

Drink revenue

THE LATEST estimate of revenue in 1977-78 from wines and spirits is £1,155m. in excise duties and about £200m. in VAT, Mr. Robert Sheldon, Treasury Financial Secretary, said in a Commons written reply yesterday

MP pleads for choice to work until 70

CLOSE ON the heels of a petition that the pension age for men should be cut to 60, MPs yesterday heard a plea that compulsory retirement before the age of 70 should be banned.

In the Commons late on Monday night, Mr. Greville Janner (Lab., Leicester W) presented a petition with "hundreds of thousands of signatures" calling for pension age equality between men and women.

Yesterday, Mr. Iver Stanbrook (C., Orpington) brought forward a private member's Bill to enable men to work until 70 if they wished. The measure was given a formal first reading.

Mr. Stanbrook argued that the idea of automatic retirement in one's sixties was "ridiculously old fashioned and fuddy duddy." It was a terrible waste of skill and experience.

TV licence campaign

MR. MERLYN REES, Home Secretary, warned yesterday that there would be a crackdown on television licence dodgers this year.

An estimated 1m. licence dodgers were costing about £15m. in lost revenue, he declared.

Mr. Rees said in a Commons written reply that a working party from the Home Office, Post Office and the BBC, was now investigating the administration of the licence system.

It was "carefully reviewing these figures with a view to initiating an intensive campaign against licence evasion this year."

Wage buys more whisky

THE AVERAGE British worker now has to spend 7.6 per cent. of his weekly net wage to buy a botle of whisky, compared with 14 per cent. in 1967 MPs were told yesterday. But outlay on one pound of sirloin beef has risen from 1.9 per cent. of the average weekly wage in 1967 to 2.5 per cent. to-day.

The figures were given by Mr. John Golding, Employment Under-Secretary in a Commons writen reply. They were based on the average national wage of a married manual worker with two children.

Crime inquiry team named

THE MEMBERSHIP of the Royal Commission on Criminal Procedure, to be chaired by Sir Cyril Philips, former Vice Chancellor of London University, was announced yesterday.

The members are Professor Michael Banton, Lord Justice Michael Banton, Lord Justice Mr. P. L. Fox, Mrs. Daphne Gask, Ms Dianne Hayter, Mr. Jack Jones, Mr. C. T. Latham, Mr. J. C. K. Mercer, Mr. Walter Merricks, Sir Douglas Osmond, Mr. R. H. Pamplin, Sir Arthur Peterson, Miss Joan Straker and Canon Wilfred Wood.

APPOINTMENTS

Cadbury Schweppes finance director

Mr. Michael Gifford is to become group finance director of CADBURY SCHWEPPES at the end of March. He will be succeeded as chief executive of Cadbury Schweppes Australia by Mr. John Urquhart, now managing director of the Australian company's confectionery division. Mr. Clive Thompsett, at present chairman and managing director of Cadbury Nigeria, replaces Mr. Urquhart. Mr. Robert Molteroni has been appointed regional director Africa, taking over the regional responsibilities of Mr. Thompsett and Mr. Brian Dice, the regional director of East and South Africa, who is to succeed Mr. Douglas Simmons as secretary of Cadbury Schweppes later this year. Mr. Richard Clarke has been made a director of Cadbury Nigeria.

DEBENHAMS states that Mr. Eric Crabtree has retired as chairman of its fashion multiple division but continues as chairman of Hardy Amies. He also remains a director of Debenhams in a senior executive and advisory capacity. Mr. Edward Rayne takes over the chairmanship of the fashion multiple division, which involves his appointment as chairman of Harvey Nichols and Co., Lotus, Cresta Silks, Debenhams (Manufacturing and Supplies), and J. and S. Bickley. Mr. Rayne retains his positions as chairman and managing director of H. and M. Rayne.

★

Lord Layton, a former executive Board member of the British Steel Corporation and managing director of the Steel Company of Wales, has joined the Board of WOLFF STEEL HOLDINGS the steel and tinplate associate of Rudolf Wolff. Wolff Steel Holdings, in partnership with the BSC, owns Afon Tinplate, a tinplate service centre.

★

From March 1, Mr. Peter Jefferis has been appointed City of London regional manager of MEPC. Mr. Iain Barraclough will be assistant regional manager.

★

Mr. R. W. Holder has been appointed to the Board of UKO INTERNATIONAL as a non-executive director. Mr. Holder is chairman of Bridport-Gundry (Holdings) and a director of Stone-Platt Industries.

★

Mr. David Evans has been appointed managing director of SCAFFOLDING (GREAT BRITAIN) He is a director of SGB Group and chairman of its French subsidiary.

★

Mr. W. Fox, managing director of Kier and of Charles Brand and Son, and joint managing director of French Kier Construction, has been appointed a director of FRENCH KIER HOLDINGS

★

Mr. Niall C. Macdiarmid has resigned from the Board of SKETCHLEY. Due to pressure from other and earlier commitments, Mr. Macdiarmid resigned as chairman of Sketchley in July last year but agreed to remain on the Board as a non-executive director for six months.

★

Mr. P. A. Snell has been appointed to the Board of BRITISH ELECTRICITY INTERNATIONAL as a full-time director (projects).

★

Mr. G. D. Saul has been appointed a director of the northern regional Board of LLOYDS BANK which sits under the chairmanship of Mr. Roland A. Cookson. Mr. Saul is managing director of the Teesside Division of the British Steel Corporation.

★

Mr. W. M. Peacock has been appointed deputy chairman of NURDIN AND PEACOCK.

★

Mr. R. G. Gee, who recently ceased to be secretary of the RUGBY PORTLAND CEMENT COMPANY, has resigned as a director.

★

P.H. POINTER has appointed Mr. Duncan Spruce as managing director of Plastak (Norwich) and Skateboards. Mr. Simon Pointer has joined the Board of Skateboards as production director.

★

Mr. R. E. Wilson has become managing director of the fuel oil division of HARGREAVES FUEL AND SHIPPING in place of Mr. M. G. Murray, who has retired. The company is a member of the Hargreaves Group.

★

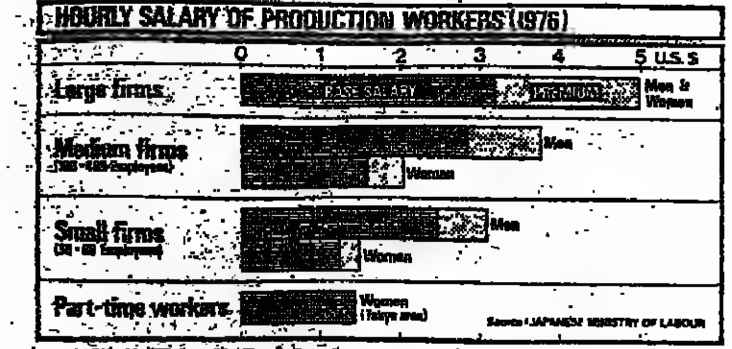
Mr. Mel Ford has been appointed to the Board of SAVILLES HYDROLOGICAL CORPORATION, part of Brent Chemicals International.

★

Mr. Raymond Davey, formerly managing director of the Management Projects Group, has joined the Board of HOUSE OF HOLLAND as sales director.

The Management Page

EDITED BY CHRISTOPHER LORENZ



NUMBER OF EMPLOYEES IN COLOUR TV FACTORIES		
Company	1972	1976
Hitachi	9,051	4,299
Matsushita (National Panasonic)	9,825	5,900
Sony	4,498	2,778
Other four large firms	24,462	14,700

Production volume raised by 25 per cent. from 8.4m. sets in 1972 to 10.5m. in 1976.

NUMBER OF COMPONENTS IN A 20 INCH COLOUR TV		
Components	1970	1977
Integrated circuits	2	4
Transistors	65	34
Diodes	65	38
Other (index)	100	50-70
Electric power consumption	155w	85w

Christopher Lorenz reports from Davos on possible effects of Japanese and U.S. product strategy

The innovative threat that faces Europe

EUROPEAN INDUSTRY has been taking a defensive, technology-pushed approach to product innovation over the past ten years, and much of it is now in danger of being swamped by the more rapid and aggressive market-pulled innovation of the Japanese and Americans.

This bleak message was presented in Switzerland at the week-end to over 500 European chairmen and chief executives by one of the Continent's most respected research managers, Professor Umberto Colombo, Montedison's director-general of research and development, and President of the European Industrial Research Management Association.

Reinforcing his thesis with case studies of Japanese and American product strategy, and examples of how Government involvement can both help and harm the innovation process, Professor Colombo's two papers have so far proved the high point of the exclusive Davos Symposium, which is organised each year by the European Management Forum.

When the delegates return home in the next few days, many of them will still have Professor Colombo's words ringing in their ears: "Europe has a dramatic need for innovation. But it lacks the thrust necessary to diffuse innovation in the market." Seen against the underlying theme of this year's symposium, that innovation is all the more necessary now that so many of Europe's traditional industries are declining—thanks to competition from new countries, the slow-down in world growth, and other factors—Professor Colombo's warning is of paramount importance.

Professor Colombo was careful to point out that his judgment was not one of complete gloom. Some sectors of European industry were maintaining their market strength through innovation — such as pharmaceuticals, dyestuffs and other fine chemicals. But in general Europe's continued invention at the levels of theoretical science and experiment were not being diffused into the marketplace, thanks in part to the traditional hierarchy of economic, social and cultural values in Europe. Whereas Japanese industry and Government were getting together to promote new technologies, Europe's industrial cartels had a largely defensive and conservative character, and were therefore not conducive to innovation. Innovation in Europe seemed to be mostly of the "technology-pushed" type: there had been successful examples of this genre, such as direct reduction in steelmaking, and Pilkington's float-glass process, but in several cases — polypropylene, optical fibres — such innovations had been better exploited by American or Japanese companies.

Professor Colombo's analysis of Japan's typical product strategy, in at least 14 major product areas, identified several distinct elements; a much later start than Europe and the U.S.; confinement to mass markets; adoption of a low-price, high-penetration policy; followed by product diversification and extensive cost reduction; resulting in major world market shares and high profits.

The most vivid case study he gave was in colour television manufacture. Since inflation had added extra urgency to the strategy from 1970 onwards, the Japanese manufacturers had reduced the number of components in each set and introduced advanced automation techniques. As a result, product quality had improved, the number of employees had been dramatically reduced, and production volume had soared. Examples were given in a table, part of which is reproduced here.

Of all the significant differences between the social context within which European and Japanese industry have to work, Professor Colombo pinpointed two which are seldom identified: the large industrial groups usually have behind them a hierarchy of suppliers and subsuppliers, with very different situations in terms of trade union protection, wage levels and job security. Not only did labour costs fall as one went back along the supplier chain—"with a remarkable difference between men and women"—but dramatic cost reductions could be achieved by combining technological change with "labour expulsion, mostly by exploiting the lower status of female workers." The chart illustrates some of the salary discrepancies.

Turning to the other half of the product pincer movement on Europe, Professor Colombo made much of the new American policy of "infratechnology" currently being fostered by the Department of Commerce for traditional sectors of industry which are lagging behind foreign competition, and where new technologies and products need to be identified.

Subsidised

In the shoe industry, for example, project teams were being formed which would include production people from the industry itself, engineers from production machinery companies, and specialists in automation and materials. "This initiative will be highly subsidised by Government agencies and help will be available from a Federal laboratory consortium," and could lead to a completely new, automated way of making shoes—"with very severe effects on European, and especially Italian industry."

Combining his depressing analysis with some positive pointers towards a solution, Professor Colombo said the technical aspects of innovation could become sterile if they were not accompanied by equally innovative marketing. The best example to his mind was Xerox, where leasing was the crucial marketing step, since it shifted the cost to the consumer from initial investment to day-to-day use. In the future a similar approach could be applied to other products, for instance solar heating, where initial investment costs were too high compared with competitive technologies.

Another lesson European companies should learn was that product innovation in particular sectors often came from outside—for example the transistor was not originated in a company which produced vacuum tubes; nor the ball-point pen by a fountain-pen maker.

But Professor Colombo was not particularly hopeful that the Europeans would be able to put these lessons into practice. European industry tended to anchor itself to the technology in which it had specialised, whereas "a young, immature, non-traditional society like the American, and an aggressive, opportunity-taking, imaginative society such as the Japanese," were less vulnerable to such innovation threats from outside. Much depended on whether, in spite of signs to the contrary, European companies would prove flexible enough to adapt their attitudes and behaviour in order either to penetrate a new technology and then keep pace with subsequent developments in it, or to remain successful in a traditional area.

The conservative attitude of industry to innovation, the lack of substantial public incentives, and the anti-technology mood still pervading public opinion would all have to be overcome if Europe was to progress in an ever-changing environment, Professor Colombo said.

To one of the key themes of the symposium—whether more or less government intervention would be conducive to industrial and product regeneration—he gave no completely clear answer. Though praising the American belief in market economics as the key element favouring innovation, his reference to the Department of Commerce seemed to imply a belief that governments have an important part to play, particularly in the cross-fertilisation of new ideas between governments—including the military—and private industry.

Interference

But he agreed with a director of Hoechst, the German chemical group, who argued from the floor that research and innovation were more likely to get off the ground without government interference.

It would be particularly helpful if more people realised that Europe's current economic problems were not primarily caused by short-term business cycles. Last year's influential McCracken Report to the Organisation for Economic Co-operation and Development "towards full employment and price stability" was "short-sighted" on this point, Professor Colombo argued. "Policies aimed at unemployment compensation and at temporary Government-created jobs ignore the fact that many former jobs are disappearing because some major sectors of the economy are in a long-term decline."

Pointing out some of the less obvious, high-value technologies which would be "appropriate" for Europe in the future—some of them labour-intensive—Professor Colombo cited recycling plants, small and flexible steel plants, and agricultural and related industrial activities (including genetics). The removal of many bureaucratic obstacles to this sort of innovation was a major priority, he emphasised.

If there was a sting in the main body of Professor Colombo's argument, then the tail was also far from harmless. He reported that, by buying foreign licences, several Italian companies had rushed to secure the new technology of making single-cell protein from paraffin, and had received Government subsidies for their factories. But the surge in oil prices, and the low price of soya—the main competitive product—had made this investment uneconomic, he said. Montedison itself had been more cautious, and had stood back from this technology for the present: Professor Colombo claimed that his position in 1972, as chief of the OECD's committee for scientific and technological policy, had given him an inkling that oil prices were likely to rise. In other words, product innovation should not be just a question of what, but when.

BUSINESS LAW

Liabilities of a parent company

By A. H. HERMANN

CAN PARENT companies be held liable for the behaviour of their subsidiaries or are they protected by the "limited liability" concept in the same way as private shareholders? This old question has been asked again recently this time in connection with a shortfall by the liquidated subsidiary of the U.S. Badger Company which had to be made good by the parent company fully to compensate the 250 former employees in Antwerp. Badger Company Inc. itself is one of the 14 major subsidiaries of Raytheon, an important, science-based engineering group with a large stake in sophisticated defence projects.

Professor R. Blanpain, who specialises in labour relations of multinational enterprises and acted as consultant to the Belgian Government in this matter, collected some of the relevant documents together with his own notes in a book* which claims that the OECD guidelines are useful in convincing multinationals that they should abide by their moral obligations.

This may well be the case sometimes but Badger denies it in this case and one cannot help feeling that disputes of this sort could often be solved without recourse to international moral obligations and the ensuing fuss and publicity. Though the Belgian courts have not yet been asked to decide a case which would in all respects correspond to the Badger case, they were quite willing in the past to remove the limited liability of the parent company when it was clear that the autonomy of the subsidiary was only a fiction and, in cases of bankruptcy, to extend the liability to the real master of the company.

The doctrine of limited liability, formulated by English courts in 1897 in *Salomon v. Salomon and Co.* had the purpose of protecting individual, mostly private shareholders who were only capable of participating in the risks of a venture to the extent of their limited means. It was not designed for the protection of shareholders who were financially more powerful than the company and controlled it for their own purposes.

A whole mass of 20th-century legislation, ranging from rules for group accounts to the Fair Trading Act 1973, has restricted the application of this doctrine and so have the decisions of the courts. In 1969, Lord Denning, M.R., said in *Littlewoods Mail Order Stores v. CIR*: "The doctrine laid down in *Salomon v. Salomon and Co.* . . . has often been supposed to cast a veil over the personality of a limited company through which the courts cannot see. But that is not true. The courts can and often do draw aside the veil. They can, and often do, pull off the mask. They look to see what really lies behind."

The employees, as in the Badger case, though often classed as privileged creditors, are not the only category of creditors who, together with minority shareholders, are protected by the laws of many countries against the unbridled application of the doctrine of limited liability. German statute law specifically designed for groups of companies (*Konzernrecht*) goes very far in this direction and is likely to influence strongly the EEC rules for groups of companies which are one of the Commission's projects for harmonisation of company laws of the member states.

The "piercing of the corporate veil" has already been completed in the area of competition rules. In the U.K. the Fair Trading Act 1973 treats as "one person" companies which are "members of one and the same group of interconnected bodies corporate." In the EEC the Commission has adopted the same attitude in several of its decisions and the European Court approved of it in *Commercial Solvents v. Commission* when it ruled that because of the power of the U.S. based Commercial Solvents over its Italian subsidiary and their united action, the two companies must be deemed an economic unit and are jointly and severally responsible for the conduct which infringed EEC rules of competition.

The general trend of present legal thinking on groups of companies has been well expressed in this case by Mr. Advocate-General J.-P. Warner in his conclusions. He said that common experience justifies the presumption that a subsidiary will act in accordance with the wishes of its parent and that unless this presumption is rebutted the parent and the subsidiary should be treated as a single enterprise for the purposes of EEC rules of competition. And he added that he thought it to be almost impossible to rebutt this presumption of united action and of joint responsibility in the ordinary case of a parent and subsidiary carrying on a related business.

What are the practical conclusions for managements of companies big and small? First, it is fairly evident that it is no longer safe for a parent company automatically to disclaim responsibility for the debts and illegal acts of fully controlled subsidiaries, even if not fully owned, and for loss caused to minority shareholders either by draining away of profits or by a takeover. And, second, that creditors, and even more so agencies enforcing competition rules, stand a good chance of penetrating the protection of limited liability in ordinary courts without having to resort to voluntary international guidelines.

The Badger Case, by R. Blanpain, 1977 Kluwer, Deventer (Holland) 210 pp. PB, D.fl.52.00.

LOMBARD

Let us suppose we are tenth

BY IAN DAVIDSON

THE Think Tank report on Britain's overseas diplomatic representation, which argued that our diplomacy was being run on an old-fashioned and extravagant scale out of keeping with our reduced circumstances in the world, has come in for a good deal of flak. The counter-attacks have been of variable quality, and most of them have been motivated by personal or institutional interest.

It was not entirely surprising for example, that the BBC should have given a substantial chunk of air time last Saturday night to its former director general, Sir Charles Curran, to launch one of these counter-attacks, for the BBC's overseas broadcasting programmes are singled out by the Think Tank as a prime example of a luxury we can no longer afford.

Modest view

Yet Curran's talk deserves to be taken seriously, for it made a stab at rebutting the fundamental assumptions on which the Think Tank's report is based. The Think Tank argued that in recent decades Britain's power and influence, as measured in military and economic terms, had declined relative to other countries, and therefore a more modest view of our diplomatic capability, and thus of our diplomatic requirements, was called for to fit our more modest position in the world. Curran tried to destroy this case by arguing that there had been no decline of the sort described by the Tankers, and that therefore none of their conclusions followed.

I believe Curran overstates his case, with the risk of invalidating it. No one can seriously doubt that Britain has declined in power and wealth relative to a number of other countries in the past quarter century. Several countries that used to have a smaller gross national product now have a much larger gross national product, and on a similar calculation our relative military position has also declined.

For all that, Curran is right: the fundamental assumptions of the Think Tank report are deeply flawed. Let us agree that Britain's relative position in the world has declined: and then let us consider how far that decline has taken us down some arbitrary totem pole.

After the war, let us say, Britain was, in some sense, the third most important country in the world, after the U.S. and the Soviet Union. Since then a number of other countries have become more important than Britain: West Germany, Japan, France, China. Who else? India? Italy? Brazil? Saudi Arabia? Iran?

No doubt some of these countries, like Iran and Saudi Arabia, have unique influence in certain spheres; no doubt others, like India and Brazil, could become more important, in some sense or other. But I find it difficult to see that at present Britain can be lower on a world ranking than seventh. All right, let's say Britain is only the tenth most important country in the world. That is tenth out of a United Nations membership of 140-150 countries. I can understand a certain nostalgia for the greatness of the British Empire. I cannot understand the Think Tank being so carried away by despair at our relative decline that they should seem to believe that Britain has somehow dropped out of the bottom of the whole system.

They would have done their job better if they had shown that they can count up to ten, and if they had then produced a shred of evidence or argument to show what may be an appropriate level of diplomatic representation for the tenth most important country in the world.

Slow to learn

If anything, the available evidence shows that we need a better diplomatic service. The report from the Think Tank advances the amazing proposition that political reporting by embassies abroad calls for no special intellectual ability. It does not appear to have occurred to them that, if we had had slightly better political reporting from Reykjavik, and better political assessment in London, we might not have had to endure three Cod Wars with Iceland, all of them predictably disastrous. Or was it simply that our politicians are as slow to learn the facts of international life as they are to grasp the rudiments of economics?

When four or five are gathered together in the UN, or NATO or the OECD, or GATT, do the others say: "Don't let us bring in the British; they've suffered a relative decline"? I doubt it. But that is certainly what they will say if the enthusiasts at the Think Tank have their way.

Yet President Sadat seems to think it is worth his while to include Britain on his forthcoming tour of Europe and North America. Is it possible that we should pay more attention to the actions of Sadat than to the assumptions of the Think Tank?

Seeds are still the best value

GARDENS TO-DAY

BY ROBIN LANE FOX

AT THIS TIME of year, my thoughts turn to those who bought new gardens or moved houses last year and are now beginning to look beyond the fact that the carpets cost more than the house and that curtains are for the short windows only. Their plans, I imagine, turn from time to time to the garden, if only to picture how they can spend a summer holiday attacking it and make a virtue of staying at home.

Perhaps, too, their attention has been caught by a nurseryman's catalogue and quickly lost in horror at the discovery that common Ladies Mantle costs 40p a go before VAT and delivery. At five plants to the square yard—the impatient could well plant more thickly — the herbaceous border begins to rival the cost of sham rush matting. If you choose a shrub, you will eventually cover more ground at £1.80 or so, but who knows whether you will still be in the same house and job after the seven years in which the miserable little Skimmia, recently offered to me at that price by a well known Hampshire nursery, will be struggling to show its head above the weeds?

Shrub roses, cheaper and quicker, are one point at which to begin: bulbs, if you shop around, are an obvious companion, which you could also take with you if you had to sell your house in a few years' time. But the best value, still, is to be found in seeds, not only in the annual flowers which are the quickest return for new gardens but in the seeds of plants which last for a year or more, the ones, in short, which the new lists now in the post will be listing as biennials and perennials.

The brightest things in my garden, last year, had generally invited themselves into it. I do not mean the dandelion, though the average length of its tap-root after two dry summers has now almost passed belief: soon, we will be drilling it out of the ground. I mean the more wayward perennials, plants which began life some years ago from a single packet of seed and have spread themselves wherever there is a gap to be filled.

The best buy of all from a seed catalogue still seems to me to be a salvia called Turkestanica. It has one vice, which I will mention first: it is smelly. The three-foot-high stems give off an unfortunate scent of the stale shirt of some energetic gardener, sharpened, if anything, by a tang like some fox gone to ground. There are those who exclude it for this reason. Note, however, that it only gives off this scent if you rub it or brush against it. It is quite harmless if you allow it to stand freely in a bed of roses. Why, though, is it so good?

Its colours, for one thing, are not matched by any others. Its stems taper into spires of whiteish grey flower set off by pale purple bracts, a subtle match which will mix with any colour. Better still, they hold their interest when they die, as the flowers fade a little and the bracts remain distinctive. Thus you have a bold background plant from early July until September, three or four feet high, variable from seed but never unpleasantly untrue. Strictly it is a biennial, so if you sowed seed this spring, your plants would be at their best in 1979. But I would bet that you could push them on to flower this autumn if you bought seed now, sowed it under glass and kept it boxed and potted on until you moved it out in late May. It is a plant which is still seen more often in National Trust gardens than in private ones. It is easily grown by anybody and sows itself by the hundred after one year in flower. If you have a slope or a bank and you can be bothered to gather up its seedlings, you can mass them so that they seem to pour down the hill when their tall spires of flower appear. I am intrigued by its young leaves, because their surfaces seem at times to glisten although they are only a plain green, whose texture is broken and uneven. If you can avoid the smell, buy it and consider it this column's blessing to your empty new garden.

With it, sow one of those plants which are so easy and so common that most gardeners now overlook it: the biennial Evening Primrose, listed as Oenothera Namarckiana. True, it is almost too obliging. It will seed itself everywhere and thus spread through any border which is not attentively hoed. But last summer, in those long clear evenings, I began to wonder why we all bothered to contain or ignore it in favour of less obliging plants. It is tall, some three or four feet at least. Its single yellow flowers, like saucers, are such a clear and luminous colour, the best butter-yellow, that they stand out in the half light, in a way which grand gardeners try to equal with their rare white gardens. Four or five plants in the back row of a summer border will outshine any lesser neighbours.

Place them all round your garden, for they show up in the summer evenings like bright patches of light. Again, it is the easiest plant imaginable and will sow itself abundantly from year to year. Its tap-root, I believe, was once thought edible as a cheap alternative to the potato. Again, it is a plant which adds bulk to a new garden.

There are others, of course, not least the huge silver thistle, or Onopordon, some six foot or more in a dry season, so noble that three or four down the back of a long border will draw the eye away from shrubs in front which are still crawling to maturity. But for those who want a cheap and easy brightness, the Salvia and Evening Primrose are in a class by themselves. Hunt them out in those catalogues which are now going round to gardens, thick with French Marigolds and other bright alternatives.

Poor Boy has a chance

RACING

BY DOMINIC WIGAN

WATERLOGGING cancelled Windsor a year ago to-day and it is to be hoped that the story is not repeated with the meeting this afternoon.

Although the ground at best seems certain to ride soft the weather forecast for the area last night was not too bad.

Principal event is the three-mile Boveney Chase, in which Poor Boy, from David Morley's rejuvenated Bury St. Edmunds string, tries to concede upwards of 10 lb to his seven opponents.

A fair third of four behind Menehall on his seasonal debut in the Bingham Chase at Nottingham when still a long way short of his best, Poor Boy then let his supporters down badly at Market Rasen, finishing a well-beaten last of five behind Arctic Challenge in a two-mile, five-furlong handicap for which he started 7-4 favourite.

Last week, the Charlottesville bay showed that a return to form was on the cards and I hope that this afternoon's modest prize will not prove beyond him.

There was a lot to like about the way Ravensbourne shaped on his debut over hurdles in a race won by Ruby Wine at Warwick a month ago in particularly holding ground, and Reg Akehurst's five-year-old could provide the answer to the opening division of the Brocas Novices Hurdle at attractive odds.

Eyecatcher, third in the last two runnings of the Grand National, will have an outing at Wincanton to-morrow in the Corton Denham Opportunity Chase. This popular mare will make her last attempt at the Grand National on April 1.

Another well-fancied Grand National hope, Shifting Gold, is expected to run in the £10,000 Leisure Caravans Chase at Sandown on Friday. If The Dealer does not run, John Francome will partner Shifting Gold because Michael Dickinson will ride Broncho II.

WINDSOR

1.45—Tickets

2.15—Ravensbourne***

2.45—Poor Boy**

3.15—Gamlingay

3.45—Comet Kohoutek

4.15—Tuparon

More watch dog racing

BY STUART ALEXANDER

GREYHOUND RACING in the U.K. attracted 1.03 per cent. more people last year, 6.58m. compared with 6.51m. in 1976. In the last six months attendances went up by 4.2 per cent.

Totalisator takings rose up by six per cent. on the year, to £70.7m. The increase in the second half was running at 7.9 per cent.

Over last year as a whole there were 76 fewer meetings at 5,847. The number of tracks fell by one, to 48.

New registrations of greyhounds rose from 7,363 in 1976 to 7,408, according to statistics released yesterday by the British Greyhound Racing Federation. The number of British-bred rose to 35.8 per cent. compared with 34 per cent. in 1976. The remainder were bred in Ireland.

Prize money went up by 9.4 per cent., to £1.87m. The three most successful tracks were in London.—White City totalisator takings at the 134 meetings topped £7.47m. Walthamstow took £6.78m., and Wimbledon, £5.6m.

The most successful track outside London was Belle Vue, Manchester, which turned over £2.36m. at the totalisator.

New economic director named

By Our Belfast Correspondent

THE new Northern Ireland Economic Council has seconded Mr. John Whitlaw, an assistant secretary in the Northern Ireland Department of Commerce, to act as its full-time director.

His secondment comes three months after the reshaped council advertised the £12,000-a-year post, but it has apparently been unable to find a suitable candidate.

Sussex dismiss Greig from captaincy

BY STUART ALEXANDER

SUSSEX HAS overturned a decision to re-appoint Tony Greig as captain of its county cricket side following a two-hour emergency committee meeting yesterday.

This is the second time within a year that Greig has been sacked as a captain. He lost the England captaincy in May last year after announcing his involvement with the Kerry Packer "circus."

Recently Greig criticised the present England captain in a Sydney newspaper and this prompted the Test and County Cricket Board to ask Sussex to reconsider its decision to appoint Greig as captain for the 1978 season.

Greig's contract runs another year with Sussex but it is not known whether he will play this season. At the moment Greig is still in Australia as captain of the World XI in the Packer series.

Mr. Stanley Allen, secretary of Sussex, said yesterday that the club deplored Greig's remarks about Boycott — Greig accused Boycott of consistently avoiding playing the world's fastest bowlers—and their decision to drop Greig as captain had been unanimous.

But it was a very sad day for him personally and for the club.

Recently both Lancashire and Nottinghamshire asked the Test and County Cricket Board to consider a proposal to expel Sussex from the County championship because of their re-appointment of Greig.

Sussex now hopes that the resolution, due to be considered by the Test and County Cricket Board at its meeting on March 9, will be withdrawn.

Last season Sussex was fined £500 and Greig reprimanded after he strongly criticised the Old Trafford pitch and the groundsman in a newspaper article.

Veteran outstrips newcomers

YACHTING

BY ALEC BEILBY

WHEN SHE sailed into Rio de Janeiro as leader of the Whitbread Round the World race fleet last Saturday, 34 minutes ahead of the 77 feet sloop Heath's Condor, the remarkable ketch Great Britain II became leader on actual time for the full 21,500-mile distance from Portsmouth to Rio by a mere 2½ hours from the handicap leader, the Dutch ketch Flyer.

Great Britain II seems to become more remarkable the further she sails. She took overall honours for the fastest circumnavigation in the first Whitbread race four years ago.

Then she broke the Round the World record in the Financial Times Clipper Race two years ago and now, with a total of 120,000 miles of competitive sailing under her keel she continues to hold her own against more modern yachts.

On this occasion much credit goes to her 30-year-old skipper, the ebullient Robert James. His crew are all paying £4,000 to sail on the race and before the start more than 30 per cent. had no sailing experience.

Robert James, with Chay Blyth who owns the yacht, lashed them into shape in a four-week training period before the race.

While sailing with him in a local race off Capetown aboard the professionally crewed British yacht Kings Legend, I asked James how it felt to be aboard a yacht manned by experts for a change. "It's nice not to have to keep looking round all the time to see who is about to kill you," he told me.

In Auckland, 7,500 miles later, James told me that he realised that handicap honours were impossible for a relatively old yacht against competitors designed and built for the job, but there was nothing to stop him from taking line honours for the full distance on sheer boat speed.

This was his ambition as he sailed from Auckland at Christmas. He knew it was in reach but that the leg round Cape Horn was critical if he and his crew were to succeed.

With a suspect mast and with lightning having damaged all the electronic navigational equipment, he and his crew held their lead round Cape Horn over all except Eric Tabarly's Pen Duick VI.

Pen Duick is still under the cloud of ineligibility as a competitor following the anomalies of the validity of her rating certificate which, it seems, her skipper has accepted. He intends to continue the race to Portsmouth as a non-combatant.

Still at sea aboard the veteran Tronce Tropin Export, the handicap leader from Capetown to Auckland, is medical student Eric Letrosne, who fell and broke his thigh bone out of range of help east of Cape Horn.

The yacht has met Jimmy Blanc's Japy Hermes and Dr. Jean Louis Sabarly swam across to the patient, his medical bag held by his teeth and lashed by a rope to his neck.

Cornelius van Rietschoten's Flyer, third into Rio, still remains overall handicap leader and seems set to retain this lead from Kings Legend, though nothing has been heard of the British yacht for more than ten days.

Flyer also seems set, barring accidents, to take the overall handicap prize at Portsmouth in April but whether, over the 5,500 miles to the finish, Great Britain II can hold the 2½ hour lead on actual time still stays wide open.

FT industrial architecture award

APPLICATIONS can now be received for the 1978 Financial Times Award for an outstanding work of industrial architecture.

The purpose of the award — the 12th — is to encourage industrial building and engineering works which in many cases will be initiators of a new man-made environment of aesthetic interest and practical purpose.

In circumstances where no industry has previously penetrated, on sea and lake shores, in river estuaries, or in new towns, the impact of great or small works is of prime importance.

Aesthetic suitability is of equal importance in those areas which will remain agricultural and where the development of farming techniques demand buildings of a different kind from usual.

The award is open to all designers of industrial buildings irrespective of their professional category within the building industry.

The two architect assessors this year are Mr. Leonard Manasseh and Mr. Michael Manser, members of the Royal Institute of British Architects, which supports the award, and the lay assessor is Sir Charles Troughton, British Council chairman.

Provided the completion date of the building falls within the time limit for the current award, those who have previously submitted applications but failed to gain an award or a commendation may submit them again for a second appraisal.

Applications must be received no later than Friday, May 5. The name of the winner and those commended will be announced at a reception to be held on December 1.

Application forms can be obtained from the Financial Times, 10 Cannon Street, London EC4P 4BY. Envelopes should be marked in the top left-hand corner "Industrial Architecture Award."

TV/Radio

† Indicates programme in black and white.

BBC 1

9.15 a.m. For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mr. Benn. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Screen Test. 5.00 John Craven's Newsround. 5.05 A Traveller in Time.

5.40 News.

5.55 Nationwide (London and South-East only).

6.20 Nationwide.

6.50 Sykes.

7.20 Wednesday Film: "Hell In The Pacific," starring Lee Marvin.

9.00 News.

9.25 I Didn't Know You Cared.

9.35 Sportsnight.

11.05 To-night.

11.45 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—2.18-2.38 p.m. For Schools: Hwnt ac Yma (4) Ser y Nos. 5.05-5.40 Billidowcar. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.10 Trem. 7.40 Young Scientists of the Year. 8.10-9.00 The Oregon Trail. 11.45 News and Weather for Wales.

Scotland—11.00-11.20 a.m. For Schools (Around Scotland). 2.18-2.38 p.m. For Schools. 5.55-6.20 Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on Northern Ireland Affairs. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 a.m. Gharbar.

10.45 Parosi.

11.00 Play School (as BBC 1 3.55 p.m.).

7.00 p.m. News on 2 Headlines.

7.05 Sisters and Brothers.

7.30 Newsday.

8.10 Julian Bream Festival.

9.00 It's Patently Obvious.

9.30 Play of the Week.

10.25 Arena: Theatre—The story of "The Cherry Orchard" by Chekhov.

11.00 The Light of Experience.

11.15 Late News on 2.

11.25 Closedown: Bernard Hepton reads "The Double Nature of White" by Molly Holden.

LONDON

9.30 a.m. Schools Programmes. 12.00 Cloppa Castle. 12.10 p.m. Rainbow. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Hadleigh. 3.20 Heart to Heart. 3.50 Couples. 4.20 Michael Bentine's Potty Time. 4.45 Pop Quest. 5.15 Emmerdale Farm.

5.45 News.

6.00 Thames at 6.

6.35 Crossroads.

7.00 This Is Your Life.

7.30 Coronation Street.

8.00 I'm Bob, He's Dickie.

9.00 ITV Playhouse.

10.00 News.

10.30 The Shoot

11.45 World Snooker.

12.20 a.m. Close: Readings by Geoffrey Hinsliffe from Peter de Rosa's A Bible Prayerbook for To-day.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.45 Police Surgeon. 12.15 a.m. The Big Question.

ATV

1.20 p.m. ATV Newsdesk. 5.15 Mr. and Mrs. 6.00 ATV Today. 11.45 The Butlins Grand Masters Darts Championship.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 5.15 Horses in our Blood. 6.00 Lookaround Wednesday. 11.30 The Butlins Grand Masters Darts Championship. †12.00 Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Dynomutt—the Dog Wonder. 10.28 Channel Late News. 11.25 Pro-Celebrity Snooker. 12.10 a.m. Epilogue followed by News and weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 10.30 Police Woman. 11.35 Reflections.

GRANADA

1.20 p.m. This Is Your Right (second chance to see Lord Winstanley's programme). 5.15 Crossroads. 6.00 Granada Reports. 6.30 Wish You Were Here . . . ? 11.45 The Untouchables.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Help Yourself. 5.15 Dodo the Space Kid. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Wish You Were Here . . . ? 11.45 Celebrity Concert: Dionne Warwicke.

HTV Cymru Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.50-4.45 Un Tro. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.45 Celebrity Concert.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and road report. 2.00 Women Only. 5.15 Rod Rocket. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Weir's Aweigh. 11.45 Late Call. 11.50 Out of Town.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day: Wednesday Extra. 11.45 Southern News Extra. 11.55 Healthy Eating.

TYNE TEES

9.20 a.m. The Good Word, followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 5.15 Happy Days. 6.00 Northern Life. 11.45 Westside Medical. 12.40 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 5.15 Dynomutt the Dog Wonder. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 11.45 World Championship Darts. 12.10 a.m. Make It Count, followed by Bedtime.

WESTWARD

12.26 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.28 Westward Late News. 11.45 Pro Celebrity Snooker. 12.30 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.45 Adams of Eagle Lake.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.00 Sing Something Simple (S) (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2: 6.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 10.02 With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore (S) with The Early Show including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin, and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Sing Something Simple (S). 7.30 Listen to the Band with Charlie Chester (S). 8.15 Semprini Serenade with the BBC Radio Orchestra (S). 9.02 Bing, the story of Bing Crosby part 5: Going Solo. 9.55 Sports Desk. 10.02 The News Huddlines. 10.30 The Show with Ten Legs starring Eddie Braben. 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 8.55 Rural Rhythms (reading). 9.00 News. 9.05 This Week's Composers: Finzi and Moeran (S). 9.55 English Dream Music (S). 10.35 Thomas Dunhill chamber music concert (S). 11.20 Lucerne Festival, 1977, part 1: Brahms, Greig (S). 12.05 p.m. In Short (talk). 12.15 Lucerne Festival, part 2: Sibelius (S). 1.00 News. 1.05 Concert Hall (S). 2.05 New Music Group of Scotland (S). 2.50 Hamish Milne piano recital: Liszt (S). 3.20 Newcastle Festival 1977, chamber music concert, part 1: Krommer, Beethoven (S). 4.10 Interval Reading. 4.15 Newcastle Festival, part 2: Crusell, Hummel. 5.05 Building a Library of records (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Life-lines: Language and Communication. 7.30 Louis Couperin harpsichord recital (S). 8.00 BBC Symphony Orchestra, part 1: Mendelssohn (S). 8.35 George Cruickshank (talk by William Feaver). 8.55 BBC Symphony Orchestra, part 2: Bruckner (S). 10.15 The Quest for Junius (illustrated talk by John Cannon). 10.45 Dvorak on record (S). 11.05 The Arts Worldwide. 11.25 News. 11.30-11.35 And tonight's Schubert Song (S).

‡ Medium Wave only

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming To-day. 6.35 Up To The Hour. 6.50 (VHF) Regional News. 7.00 News. 7.10 To-day. 7.35 Up To The Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 To-day including news headlines, weather, papers, sport. 8.45 Yesterday in Parliament. 9.00 News. ‡9.05 The Living World. ‡9.35 A Better Mousetrap. ‡10.00 News. ‡10.05 In Britain Now. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 You, The Jury. 12.00 News. 12.02 p.m. You And Yours. 12.27 What Hat Jeeves. ‡12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00 including 2.00-2.02 News). 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. ‡5.55 Weather, programme news (VHF) Regional News. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Lord Peter Wimsey. 8.30 The Reith Lectures. 9.00 Science Now. 9.30 To-day in Synod: Report on the General Synod of the Church of England. 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.30 Round Europe Quiz. 11.00 A Book At Bedtime. 11.15 The Financial World To-night. 11.30 To-day in Parliament. 11.45 News.

For Schools (VHF only) 9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

261m and 97.3 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Holiday Scene. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 In Concert. 10.03 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

206m and 94.9 VHF

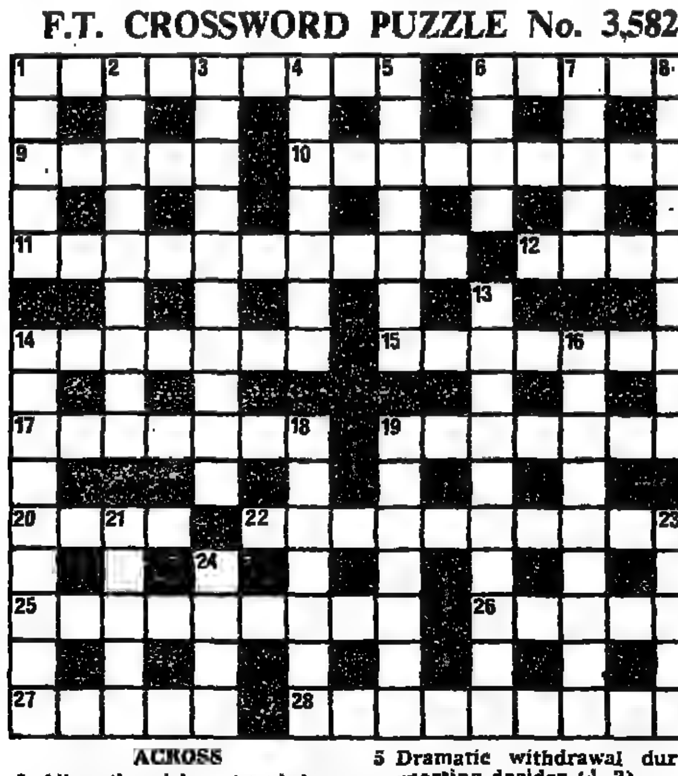
5.00 a.m. Morning Music. 6.00 "A.M." non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. LBC Reports, including George Gale's 3 O'clock Call. 8.00 After 8—with Ian Gilchrist. 9.00-1.00 a.m. Nightline.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash with Cash on Delivery (S). 3.00 p.m. Roger Scott with his Three O'Clock Thrill (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Jonathan King (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,582



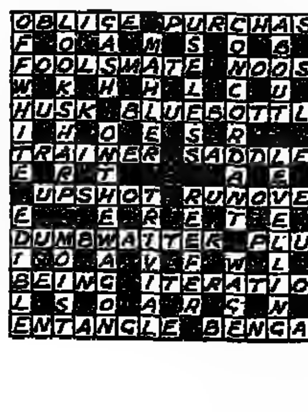
ACROSS

1 Allow the girl rent and damn the consequences (3, 3, 3)
6 Church with an oversize disorder (5)
9 Pick me up a keynote (5)
10 Living rooms disintegrated without money (4, 5)
11 Persuade uncommon chap to become Fleet Street tycoon (5, 5)
12 Appear in diocese with Frenchman (4)
14 Scolded for having century screened (7)
15 To handle an oar like this is an achievement by female (7)
17 Too old to surpass . . . (7)
19 . . . figure taken one month past by Pole (7)
20 Britain's once premier river (4)
22 Wedding at public school becomes a sporting contest (5, 5)
25 Month ancient city gets fit to offer excellent expectations (5, 4)
26 Book for those making it snappy (5)
27 The French can produce such language (5)
28 Plaything for Edward to carry (5, 4)

DOWN

1 Allow superior to relax (3, 2)
2 Fruit needs favour—Ireland takes the point (5)
3 Remove obligation to collect tax (6, 4)
4 Stop whistler taking shower (7)
5 Dramatic withdrawal during sporting decider (4, 3)
6 Country inspiring young reporter over article (4)
7 Make up not long after noon (5)
8 Appliance on the decrease after getting into hot water (5, 4)
13 Georgia's firm with public utility (3, 7)
14 Demand to stop near thing (5, 4)
16 Eighth lab adapted to serve fellow diners (4, 5)
18 Wise to give strict moralist part of Bible (7)
19 Trifled while fish lost some blood (7)
21 Number of sportsmen in a row (5)
23 Classic poet always returning to base (5)
24 About managed a quantity of fish (4)

SOLUTION TO PUZZLE No. 3,581



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Television

What the people want

by WINSTON FLETCHER

Doris Speed and Fred Feast in 'Coronation Street' (Granada)

Shortly after the launch of ...dependent commercial tele...sion when audience research ...still in kneepants, a client ...advertising agency where ...a trainee briefed us to ...television campaign aimed ..."the average viewer." This ...ptly provoked an apoplectic ...between two of the agency's ...rs, each convinced that his ...telewatching habits were ...ore archetypical. As both ...dined out with clients ...evenings, neither can ...ly have resembled the ...essential square-eyed viewer or ...moron, as they were ...ably called at the time).

...d the only average thing ...the directors was their ...conviction that the pro...grams they watched were the same ...those watched by the rest ...the populace. Working in ad...ising I still frequently find ...self involved in almost meta...cal disputations with busines...en who wish to advertise in ...s Week, of which they are ...ues, rather than in Cross... which they have hardly ...eard of, let alone watche... The philosophic pedigree ...eir arguments can be traced ...ck to Berkeley the Bishop ...o was unwilling to conceive ...e existence of anything ...uldn't see.)

In t...espect the ephemeral broadc...media are quite unlike the p... and magazines. We regular ...ders of The Financial Times ... Harvard Business Review ...w full well that most of our ...sewife customers read the D... Mirror and Woman's Own. ...ave seen and felt and even ... time to time read those ...mable publications. Yet th...s a better than evens chance ...t we never escape from ...omeward-bound traffic jams ...ommuter trains early enoug... view the most popular progr...s on the box.

The ...vertising industry's autho...e JICTAR audience resea... now ripely mature, show... week-in, week-out throu... the year the nation's most... viewed programmes inclu...rossroads, Coronation Stree... This is Your Life. I rar... any of them, neither pres... do most of you. So last ... made a special effort to a...ome early and be one of ...opulace. It is not, unhap...n experiment I can unre...ly recommend. Rest assu...u've been making the righ...ion all these years. It's a w... more fun slaving late over ... hot desk (or warm pint).

C...ds, in case you don't kno...s on air at 6.35 p.m. five...s a week throughout the ... a descendant of Dick Bar... The Archers without the ...tive lunancy of the for... the cuddly charm of the .... Almost every Crossroa...isode is watched by far... more than 7m. homes—...an 20m. people, a total wh...akes the readership of eve... most popular national da...ok pretty puny.

...tion mostly takes place in ...tel at a road junction ...This venue permits a travellers to come and go, ...thrills, spills and excite...o the humdrum lives of ...el staff, as they travel ...rims on their way. Being ...ted early in the evening, ... when the children are unlikely to be asleep, ...hat All Human Life cannot be There. Last week for example, a father advised his prospective son-in-law to live with his daughter in a trial marriage before deciding to get more irrevocably spliced. Phew! Quicker than Mrs. Whitehouse could say Longford, the daughter's mum — aghast and horrified — had spoken up for all clean living folk and vehemently castigated her filthy spouse, who looked suitably cowed.

It's all ersatz: plodding little plots written in over-terse dialogue which the actors manage to fluff, and directed with the delicacy of Victorian melodrama. If you believe that Beauty is Truth you'll find *Crossroads* about as lovely as a lukewarm shepherd's pie in a motorway cafe. *And yet one cannot disregard* its astounding success: 20m. nightly viewers can't be wrong. Can they?

In the ratings race *Crossroads* beats *Coronation Street* as often as not, despite the fact that the *Street* is far finer folk culture—wittier, less pretentious, a wee bit unpredictable and bearing at least a passing resemblance to reality. Maybe *Crossroads* suffers from the strain of five transmissions a week while *Coronation Street* only exposes itself twice; maybe the arch, middle-class milieu of a motel is harder to serialise sympathetically than a cheery working-class commune; or maybe their differing themes inevitably beget the differences between them. A street is a gossipy, undramatic place; crossroads create tensions, decisions and collisions. In any event, that's the way the conduits crumble.

Equally often to be found among the people's most popular programmes is *This is Your Life*, Eamon Andrew's weekly live canonisation of the celebrated and successful. Astonishingly, the world's resources of illustrious bigwigs willing to suffer a public investigation of their curriculum vitae shows no signs of becoming exhausted. Last week world champion motor cyclist Barry Sheene, M.B.E., after registering the obligatory initial astonishment and muttering a few five and six letter four letter words, threw himself into the schmalzy proceedings with the dutiful gusto required of all participants. After their embarrassing failure with Danny Blanchflower, who simply walked off the show, the producers presumably pre-vet all possible guests to ensure they are suitably extrovert and jolly.

Fascinatingly, *This is Your Life* is a pure, factional version of the two soap operas. Each hero's biography unfolds in a series of simplistic vignettes, with the characters acting out or narrating little potted plotlets every bit as sad and tearful, or glad and cheerful as their counterparts down *Coronation Street* or at the *Crossroads*.

If the trio of eternal loved ones—together with such intermittent series as *Starsky and Hutch*, *Charlie's Angels* and *George and Mildred*—were the great British public's nap choices last week, what did FT readers choose to watch? (Apart from *The Muppets* to whom everybody I know is now compulsively addicted.) Despite the sophistication of current audience research, surprisingly little is known about business people's televiewing proclivities. When we plan television advertising aimed at businessmen we still end up hypothesising, conjecturising and rowing apoplectically like my directors of yesteryear.

Since therefore nobody will be able to prove me wrong, I can assert confidently that last week a goodly proportion of you watched *News at Ten*, *Panorama*, *This Week* and *Revolution at the Mirror*. If you did I expect that the News depressed you and the three news documentaries disappointed you. Perhaps it's my imagination but of recent months the quality of news documentaries, though still generally admirable, seems to have dropped from its past supremely high levels. (Though on Monday evening Tom Mangold's intrepid study of *Terrorists International* almost reversed the trend single-handedly). Whereas last Tuesday's *Revolution at the Mirror* proved a damp squib, never quite catching fire. The scene was nicely set, with union negotiators and Mirror Group executives both separately and boastfully revealing to the cameras their hubristic certainty *that they had the trump cards* and would win the forthcoming battle over pay and conditions.

Sadly, it was all downhill from then. It was impossible for an outsider to feel much sympathy either for the well-paid unionists or for the jovial, bumptious Mirror managers. The negotiations, like most negotiations, were tedious, repetitive and protracted. Doubtless the programme was trying faithfully to mirror the reality at the Mirror; but the reality was a little nasty, rather brutish, and far too long.

Still, it wasn't transmitted until quite late so it won't have bored too many viewers. *Statistics is not my bag, but I* wonder if it would be possible to graph, from say 6.30 p.m. until close, the average nightly number of viewers (measured by JICTAR) against the average quality of programmes (measured on my patented TV Critics Qualityometer) to see if there is a simple inverse correlation. And if there is, what would it prove? Just that nobody's tastes are typical of everybody's, I suppose.

...of York's

Quentin Crisp

by MICHAEL COVENEY

...tin Crisp has become, in ...n words, something of a ...order guru" and here he ...ping the theatre warm for ... weeks, addressing an ...ce in a manner quite ...atingly unaffected yet ...tive of Marje Proops ...sed as an unfrocked monk. ... first half he reels off such ...ges of hope as "Never ... the place where you live"; ...er try to keep up with the ...es—drag them down to ... level, it's cheaper"; and ...work at an image is to be ...*of an invitation to a party* ...e end of the world where ...yone is speaking and no one ...tening."

...fining style, he knocks the ...ents' ideal of beauty with ...remark that "in its heyday, ...ens must have looked like an ...itter's window during a ...vers' strike" which explains ...*soft spot for such endearing* ...ntrics as the ape-man with the skull of a donkey who cashed in on his individuality by becoming a wealthy wrestler, and the "Countess of So-Ho" who, challenged by a judge as to why she was stripping off in a cemetery replied that, like any self-respecting woman, she was dressing for dinner. In a smart dress retrieved from a garbage can. To achieve style, avers Mr. Crisp, you need neither wealth nor talent—not even looks. And he cites the case of Sarah Bernhardt in the silent movie of *Camille*.

After the interval, Mr. Crisp invites questions and, having delivered himself of such silly opinions as that "a woman who bears children has thrown style away," deals not all that stylishly with questions from mothers who are obviously dripping with not much else *except* style. A foolish spokesman for Gay Liberation denounced from the stalls the evil of family life and obviously felt that Mr. Crisp was a traitor to the cause by not sounding more militantly on this subject. But Mr. Crisp, as revealed in that wonderful TV film by Jack Gold, *The Naked Civil Servant*, is "one of the stately homos of England" and will not be seen dead on a march waving a banner.

His ideas about the young are ridiculous, as is his view that all strikes are motivated by envy and that, in the good old days, when class divisions were stronger than they are now, people knew their place and were happy to crawl to work as long as they had enough to eat. How would he explain, then, the birth of the trades union movement? He also disapproves of Miss Jan Morris and, indeed, anyone altruistic enough to put the injustices suffered by humanity at large before those endured by himself in particular. He has no concept of charity. Everything boils down to how well you express yourself in your own interest.

It is, however, impossible to dislike the man. He admits to he travelling on his own bandwagon and much joy may it bring him. But his view of the world is a sad one, formed by bitter experience in a society that, until recently, has openly despised him. I wonder if he felt that his persecutors in the past had style, or that they were being admirably true to themselves in passing him by on the other side of the street? I'll say this, though: it's better than *Spine Chiller*.

Trevor Humphries

Quentin Crisp

Letter from Milan

Abbado at La Scala

by RONALD CRICHTON

Milan this January was mouse-quiet and dark in cold drizzle: a straggle of people in the shops for the end of the sales but in the streets even the Italian traffic was muted. Outside La Scala, however, House Full notices were stuck on the daily posters announcing *Un ballo in maschera* and *Don Carlo*, both with starry if changing casts, both conducted by the theatre's artistic director Claudio Abbado, steadily affirming his position as the finest Verdi conductor of his generation.

Un ballo was a revival of a Zeffirelli production five years old. About the production, or about Renzo Mongiardino's sets, I can say little. This was a "workers' performance," packed but, and I was lucky to be squeezed into the Press box at the side, high above the orchestra well, with only about a quarter of the stage visible—strange experience, to catch only a glimpse or two of the page Oscar and not to see the fortune-teller Ulrica at all until she took her curtain call!

Standing next to me behind the early birds who had nabbed the front seats was a junior trombonist from the orchestra, not required for this opera but in full employment, I gathered, for the following evening's *Don Carlo*. In no time he borrowed my opera glasses to quiz his chums in the pit, turning to me with a smile of triumph each time an especially eloquent piece of playing sailed up to us. This was often—the playing was magnificent in breadth and tenderness and with at times what one may, since the singers were never threatened, describe as a *considerable ferocity*. A side seat, though voices and orchestra reach the ears as two distinct experiences, synchronised yet unmeshed, does not betray this theatre's superb acoustics.

The cast at this performance was headed by Jose Carreras, gallantly (since he was to sing Carlos the following evening) standing in for the indisposed Pavarotti. One of the things one soon notices from a stage box (when the principals are visible) is which singers stop acting when they stop singing and which remain in their roles—Carreras is definitely in the second category: a whole-hearted performer as well as a fine singer. *He gave full value to* Riccardo's solo scene before the ball, which can seem one of Verdi's less inspired pages.

Shirley Verrett, now officially a soprano, sang Amelia. The big aria in the gallows scene was a little anxious. The top notes were there, but they did not ring or float or expand. Low notes were strangely colourless. The duet with Riccardo (calculated to make any artist of mettle self-forgetful) unfroze her. Here and in Amelia's third act plea to her husband, Miss Verrett was once more the fine, impassioned, decisive artist remembered from her mezzo-soprano days. Adriana Anelli, a new name to me, is the least squeaky of Oscars, a pleasing singer whose lack of brilliance could be forgiven for the complementary lack of pertness.

The Ulrica, though invisible from my perch, was easily audible in the strong contralto tones of Patricia Payne. Renato in this performance was the Latin-American bass-baritone Guglielmo Sarabia, whom I had much liked at Dusseldorf a few seasons ago as Aschenbach's evil genius in Britten's *Death in Venice*. He has developed from a character singer into a promising Verdi baritone, not quite commanding enough, perhaps, for this large house, but too musicianly to resort to bluster. An interesting artist.

As the names Ulrica, Riccardo and Renato imply, this *Ballo* is set, not in Scribe's Stockholm but in Somma's 17th century colonial Boston, with the Governor's men in stiff Puritan collars. The sets are based on wood, real or simulated — from simple shacks for the harbour scene to ornate, gilded and painted panels for the ballroom changing, Drottningholm-style, in a twinkling from the plain wood of the Governor's study. A further transformation back to plainness at the moment of the assassination seemed superfluous, achieving nothing that could not have been done with lighting, but what could be seen of the action at the final scene suggested an unusually convincing staging.

Don Carlo the following evening brought a cast different both from the opening night in December described here by William Weaver and from the more recent television-cum-broadcast. The Carlo of Jose Carreras had the same integrity and sympathetic quality as his Riccardo the night before. He was unsparing as well as well-judged in his singing, but one hopes he won't be called upon too often to perform such a marathon. Cappuccilli, solid and reliable as ever, was Rodrigo: in vocal bloom a little below par, hardening the line at climaxes with a touch of coarseness.

Yevgeny Nesterenko had moved up from the Inquisitor to King Philip, impressive for his black tone and burning utterance in "Ella giammai m'amo" and in the restored "Lacrimosa" scene after Posa's death, at other *moments strangely neutral* in effect. The Russian timbre of the voice was unmistakeable. The Inquisitor at this performance was Luigi Roni, the mysterious friar (more overtly revealed as Charles V than usual), Giovanni Foiani.

The young soprano Mara Zampieri, heard at Montepulciano last summer in *I masnadieri*, made a hit as Elisabetta. The voice has individuality, with a quick vibrato and a not unpleasing edge to the tone. As yet she moves too abruptly from expressive soft singing to a full fortissimo where the notes are rather too effortfully pressed out. She has presence and a sense of urgency—qualities even more abundantly present in the Eboli of Elena Obrastzova. On this evening the Russian mezzo's "O don fatale" was slightly disappointing, but in the trio in the garden scene she sang with *brilliant vehemence*.

Much about Luca Ronconi's eye-filling but self-indulgent production I found tiresome, with the endless series of backstage processions from audience right to left, each one coming to a halt before disappearing, as if there were a traffic jam in the wings. *The trapping and costumes* of Luciano Damiani are elegant, ingenious, beautifully-made inventions—but the way they make a pretty spectacle out of death and tyranny is unworthy of Verdi's music.

Yet when with the arrival of Philip in the auto-da-fe scene the movement stops and the crowd is allowed to mass, the result is a splendid realisation of an episode too often displeasing or absurd or both, matching Abbado's overpoweringly incisive direction of orchestra and chorus (one detail: the Flemish deputies don't sing sturdily like a choral society but shyly plead and wheedle). The insurrection, when at last the crowds move in the opposing direction, from left to right, is another success. At every point the grandeur of the musical conception outweighs the weak points of the staging.

Festival Hall

Barenboim

by DOMINIC GILL

Schumann is not, so far, one of the composers closely associated with the name and playing of Daniel Barenboim: or not, at least, with the piano playing, though in his other role as conductor Barenboim has made several fine recordings of Schumann's symphonies. I can't *remember*, in fact, having heard him play a note of Schumann before Monday, when he gave a recital devoted to three of Schumann's greatest works for piano, *Kinderscenen*, the C major Fantasie, and *Carnaval*.

Greatest, of course, is not to say largest: and it was in the 13 exquisite miniatures of *Kinderscenen* at the start of the evening that Barenboim showed us his art at its most perfectly poised and sustained—from the hush of "Von fremden Laendern" to the breathless shadows of "Kind im Einschlummern" an extraordinary tour de force of poetical understatement, an essay in *pianissimi* so marvellously contained, and of such deftness and delicacy, that one longed to hear it repeated at once: but in another more intimate, less vasty space than the Festival Hall.

For the Fantasie, Barenboim necessarily took a broader, grander canvas: and as a result some of the smaller dramatic details that had shown up so fine in *Kinderscenen* were smoothed over or, more rarely, blurred. Here and there one sensed a too easy, even a supercilious, treatment of a key note or a key phrase: there were one or two oddly literal readings—I remember especially an unexpected and strangely jarring *tempo giusto* for the skittish left hand of the *etwas langsamer* section of the second movement, which the composer marks, so that no one should mistake the intention, *impetuoso*.

Quibbles apart—and no one indeed ever hits *all* of the notes of the second movement's coda—it was a magnificently coherent performance, strong, unfailingly secure, luminous in its long lines, uneven but fascinating in detail. *Carnaval*, too, had its measure of quirks (why change the famous pedalling at the end of "Pierrot"?—but then, after all, in what piece better to free indulgence? The most exciting things happened once again in the quietest dynamic ranges: a sudden, melting shiver, at the very edge of audibility, in the central part of "Reconnaissance"; a quadruple-*piano* repeat of "Chopin," the barest stir of sound, each half-voiced note perfectly placed. Memorable evening: effortlessly rounded with a pair of *Fantasiestuecke*, "Des Abends" and "Traumes-Wirren."

Covent Garden

La Fille mal Gardée

by CLEMENT CRISP

Eighteen years and two days—and 191 performances—after it *was first seen at the Opera House*, Ashton's *Fille* is still a joy. On Monday, as ever, the course of true love went its merry way, with Lesley Collier winning Stephen Jefferies, and not showing the least discomposure that she was originally intended to win Anthony Dowell, who has injured his foot. Our regrets about Dowell have their compensation in the excellence of Jefferies' interpretation.

Here is a true dance-actor, who gives his character roles such vivacity and such credibility that they can seem newly made for him. Jefferies, as we know from his Lescaut, his Mercutio, his Petruchio, and a dozen roles with the Sadler's Wells company, is essentially of the theatre. He has that rare gift of seeming completely natural, completely spontaneous on stage.

The playing of his first scene with Lise on Monday — coming down the ladder from the loft, *leaping to announce himself to* the girl bent industriously over the churn, and puzzled because she does not react to his appearance—was as fresh as if it had never been seen before. Nor have I ever known another Colas who suggested so amusingly that there might be some difficulty *in hoisting himself through the* half-door of Simone's farm-house: these are slight details in an interpretation having charm, delightful humour, and an unfailing dramatic intelligence. Add to this catalogue a bright ebullient technique, and the quality of Jefferies' Colas is at least defined.

Lesley Collier's Lise is an impersonation of no less winning ways. The edge of pugnacity that colours her relationship with her mother, the clear ring of her dancing — point-work like Gautier's "steel arrows rebounding from a marble pavement;" impeccable musicality that rounds out each phrase of movement—are part of a truly happy and beguiling performance.

The company's support was as happy, from Brian Shaw's Simone to Leslie Edwards' Thomas (as old, or perhaps as eternally young, as the staging), though I find Wayne Sleep's view *of Alain rather too consciously* appealing, and lacking in pathos. When *Fille* was first seen in January 1960 it looked the sunniest of masterpieces, and we can rejoice that it still does: time lies lightly on it.

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No credit to Mrs. Thatcher

THERE IS one central fact about immigration to this country which Mrs. Thatcher, the Opposition leader, seems *either to have forgotten or to* have deliberately overlooked. That is that the great bulk of it has already taken place and there is a sizeable immigrant community which is here to stay. Since that is so, the key task of politicians, and indeed of society as a *whole, is to seek to* ensure that race relations are as harmonious as possible. That is not just a moral obligation; it is also in the interests of the *immigrant and indigenous* populations alike.

Muddled

If Mrs. Thatcher had started from there, her televised remarks on Monday evening might have been more excusable. For she did, after all, make one or two sensible points. It is a matter for regret, for instance, that it was not always easy to get clear figures about immigration from the Home Office. It is also true, as she said, that immigration is a subject which people talk about, and that political parties ought not to *shy away from.* The fact that the big parties have tended to do so must go a long way towards explaining any *success achieved by the National* Front. One can accept, too, that there is a case for having another look at the present rate of inflow and the possible future *trends.*

All those are reasonable *statements;* it is the manner in which they are made, however, that matters. Mrs. Thatcher did not start from the central question of the immigrants who are already here. She mentioned the need to ensure equality and good race relations only in passing. She did not mention at all the question of discrimination in jobs, nor the high level of young black unemployment and its potential social dangers if nothing is done to alleviate it. She seemed unaware that by far the biggest increase in the immigrant population in the next few years will come from births rather than new arrivals, and that there is not much that can be done about that. Instead she spoke as if the problem consisted of the continuing inflow.

Yet there is, in fact, no reason to believe that the present Government is any more pro-immigration than the Tories: nor that it is any more *liberal towards the immigrant* population. Neither Mr. Callaghan nor his Ministers exactly go around the country preaching the need for reverse discrimination. Indeed one of Mr. Callaghan's first acts as Prime Minister was to dismiss the *liberally-inclined Mr. Alex Lyon from the Home Office.* The fact is that successive British Governments—Labour and Tory—have repeatedly sought to *reduce the inflow, but have run* up against obligations which have made it impossible to cut the flow completely. To that extent Mrs. Thatcher's remarks were at best spurious and at worst positively misleading.

They were also muddled. Mrs. Thatcher said that the present rate of inflow, which she gave as 45,000-50,000 a year, was too high, but was unable to say what would be an acceptable *figure. At the same time she* said that compassionate cases would have to be allowed in, and implied that obligations would have to be met. Yet there is very *little evidence* that on that basis the rate of inflow would be very much lower. On the contrary, there is every reason to believe that if previous Governments had been able to cut back further, they would have done so. It is also not without interest *that* Mrs. Thatcher's own committee on the subject has been unable so far to come up with any specific proposals.

Election

There was another disturbing *looseness of language.* Mrs. Thatcher said that she does not intend to make immigration a "major" election issue. Yet it is very difficult to see how she can *regulate between major and* minor. At the very least, she has already made it a major pre-election issue, as the exchanges in the House of Commons *showed yesterday. She has raised* a sensitive question without being able to put forward any alternative answer and without taking proper account of the *problem* already on our doorsteps.

Pessimistic on exports

LAST *autumn the Treasury* forecast growth at a rate of 3½ per cent. between the second halves of 1977 and 1978: the revised forecast may well look *for growth of this order only* after the sizeable tax reductions expected in the coming Budget. The Confederation of British Industry is forecasting growth, on the basis of unchanged policies, of only 2 per cent. in the coming year.

Its latest survey of industrial trends is certainly not cheerful. Optimism *about the general* business situation, admittedly, has scarcely changed in the past four months, but the answers given to more specific questions are less encouraging. Two-thirds of manufacturing industry is still working below capacity: *there has been only a tiny* increase in output since the last survey (which may be accounted for by an involuntary increase in stocks of finished goods); and *the short-term forecast does* not suggest that industry is expecting much improvement in the immediate future. Far and away the most important constraint *on higher output in all industry* groups is a shortage of demand.

Investment

The recent intake of new orders has been up for more firms than it has been down, but the difference is slight, and in this—as in several other respects — *small firms seem to* have been doing rather better than large. Moreover, a sizeable balance of firms regard their total order book as below normal and a *comparison of* orders with output suggests that order books are getting shorter Although the level of demand is the main constraint on higher output, there *are also* some bottlenecks in supply. Shortages of skilled labour and inadequate plant capacity are important in particular industries.

So *far* as employment as a whole is concerned, this latest survey indicates that firms are *more likely* to reduce than increase their labour force in the immediate future. The demand for skilled men may show up in the official statistics *of unfilled vacancies rather than* in falling unemployment. The buoyancy of investment intentions, too—the CBI estimate is much in line with the latest Department of Industry finding —may not be either as surprising or encouraging as it looks. *It is only in restricted fields* that there is a shortage of plant capacity. There is a widespread complaint about inadequate productivity. Despite a slight *deceleration in the growth of* average costs, therefore, it may be that much of the projected investment is intended to economise in the use of labour *rather* than to increase productive capacity.

Exchange rate

It is the export section of the survey, *however, which is most* gloomy. Pessimism about the outlook here is now as common as was optimism a year ago: export orders are no longer *buoyant and 63 per cent. of* firms questioned suggested that their export business would be restricted by relative prices. The proportion of firms report*ing an increase in export prices* has, in fact, dropped off sharply. The CBI declares that the appreciation of sterling is unwelcome, since it has eroded the competitiveness of exports. But it does not expect this to be a lasting problem. It considers that the effect of a growing oil output on the balance of payments will be more than offset by the sluggishness of world trade and the impact of a consumption-led upturn, and that sterling is unlikely to go on appreciating against most currencies beyond the middle of this year. Whether or not it regards this as an improvement in the situation may become clearer in its coming Budget representations to the Chancellor.

Tanker men: the danger and the grievance

BY RAY DAFTER and NICK GARNETT

THE BIGGEST threat faced by major oil companies from the overtime ban among tanker drivers is that motorists will panic and hoard petrol. "If there are shortages over the next few days, they are likely to have been caused more by motorists than by the tanker drivers," one oil executive commented yesterday.

But there were signs yesterday that many motorists were *rushing* to fill their tanks. They were urged on by the news that from to-day Shell drivers are joining the overtime *ban already* imposed by delivery staff of Esso, British Petroleum, National, and Texaco. Between them these companies account *for 23,000 of* the 30,000 filling stations in Britain. The companies say that deliveries could be cut by between 25 and 40 per cent.

The result will be a considerable disruption of road transport and, to a lesser extent, trouble for those industrial, commercial and domestic users of oil products who rely on tanker drivers for their deliveries.

Now that the dispute—about a wage claim exceeding the *Government* pay guidelines—has spread to Shell, one of the main British oil suppliers, the alternative sources of supply are virtually closed. There is little scope for the other companies, among them a host of independents, to step into the breach, even assuming that their own trade union employees would allow it. What is more, it is quite possible that the overtime ban will spread to a number of the second-tier petrol companies.

There is no scope for switching oil products from road to other forms of distribution. Even if the unions countenanced such a switch (which they would not) oil companies would quickly run into unsurmountable difficulties. It has always been the boast of the road haulage industry that however much the railways or coastal shipping are used for trunk transportation, only lorries and vans can reach the customer's front door.

Consequently, road transport handles almost two-thirds of the refined oil products moved and consumed in the UK. The Institute of Petroleum's figures for 1976 (the last full year for which data are available) show that some 50m. tonnes of the 80.3m. tonnes of refined products were *moved* by road. It is estimated that there are some 6,000 road *tankers operating in the UK,* each capable of carrying some 1,500 to 6,000 gallons. In the past few years, oil companies have been rationalising their *distribution systems,* reducing the number of intermediate storage and loading centres.

As a result, over the past decade the average journey has increased. Most journeys are within a 30-mile radius. Even so the lengthening journey distance, as against 10 years ago, is pertinent to the dispute. Tanker drivers may refuse to set out on long trips if they believe that *completing them* will require overtime.

Although road tankers *are* invariably used to deliver products to petrol stations, homes, factories and commercial premises, rail, pipelines, and *water-borne transport have an* important part to play in the movement of oil from refineries to distribution centres, to power stations, and to large industrial *complexes.*

In 1976, for instance, coastal *shipping carried 29m. tonnes* and a further 5m. tonnes was transported by small tankers and barges on inland waterways. The railways accounted for around 13.5 per cent. of product movements (around 16.7m. tonnes) while a further *22.5m.* tonnes were carried by pipeline. The figures do not tally as there is a good deal of double counting in the distribution of refined products: a substantial tonnage is conveyed by two or even three forms of transport.

Terry Kirk

However, the statistics do illustrate the degree to which British oil users are dependent on road transport for their deliveries. It is also a measure of the size of the problem now faced by the oil industry and by the *Government.*

It is expected that as the over*time ban takes effect,* perhaps with panic buying accentuating the impact, many retailers will devise their own means of meeting the pressure. As in the *1973-74 energy crisis,* when petrol and other fuel products were also in short supply, retailers could restrict sales to a few gallons per customer. *They might even give priority* service to their regular customers. Some might open garages for a limited period each day; others might sell their restricted stocks as quickly as possible and shut down until the next delivery.

The problem in trying to foresee what will happen is that no one, not even the oil companies, is certain how disruptive the overtime ban will be. That will become apparent only within the next few days. The marketing director *of one* of the companies involved said yesterday that there was still a lot of good will between the drivers and employers, and that might have a bearing on the way the dispute is handled at *plant level.*

Even so the Government will *be watching closely* how seriously fuel deliveries are disrupted. Following the energy crisis some four years ago the Government has armed itself with the Energy Act. By means of orders the Energy Department can quickly restrict the sale and use of certain *oil* products, for example.

One option being considered in the event of major disruption is that to limit severely sales of petrol to private motorists in order to maintain as far as possible deliveries to public transport, industry and commerce. There appears to be no intention of a coupon ration scheme being implemented.

The dispute has come at an awkward *time* for the oil industry. The refineries, as a whole, are being run at well below optimum level. Stock *tanks, including those of the* distributors and retailers, are full, as is usual at this time of the year.

This may be beneficial when viewed from the garage forecourt and by heating oil distributors—for it should provide a measure of insulation against the drivers' action. In the case of garages, stocks might at any rate last a day or two; those of heating oil and fuel oil should last considerably longer.

But a big problem will arise if the dispute continues for a matter of weeks. Then refinery *managers may be faced with an* imbalance of the products coming from their plant.

If, for instance, the dispute hits deliveries of petrol more severely than other products (as is quite likely) companies will be faced with three basic options. They can continue their normal refinery operations, and try to switch the excess petrol into storage and export markets. But their prospects of doing so are poor. There is a surplus of refined products on the international market.

As a second option, there is limited scope for varying the refinery mix. It might be possible, for example, to reduce output of petrol and *increase production* of naphtha for the chemical industry. But, again, there is plenty of naphtha available on the international market.

Thirdly, and this seems most likely at the moment, oil companies could reduce refinery throughput. That would help to balance the supply and sales of petrol, but might cause a shortage of the heavier oil products used in power stations and industry. Providing the reduction did not persist, the companies would probably be able to make up the shortfall by acquiring some of the surplus products available on the international market.

All of this is hypothetical, of course. Knowing that they have the ability to adjust refinery runs, almost at the turn of a valve, oil companies still are a long way from making detailed contingency plans. Much will *depend on the next few days:* how the tanker drivers will wield their power; how oil customers — particularly the motorists—react; and on the *success, or otherwise,* of talks intended to settle the dispute.

The oil companies had offered increases of about 15 per cent., including 5 per cent. for productivity. The drivers' attempt to wrest more from them is not simply the action of a relatively powerful group intent on disregarding pay guidelines by pursuing a "greedy" claim.

Officials of the Transport and *General Workers'* Union to which the men belong say the claim—which started out at 30-40 per cent.—partly reflected the anger of drivers about the way *in which successive years* of pay policy have eroded the rewards they received for working productivity arrangements agreed in the 1960s.

The tanker men are also worried by what they believe to be the possibility of a steady lessening of work during the next few years, and this has shaped the claim and the way it has been presented.

National productivity arrangements were agreed in 1966, based on increased flexibility of *working, for which the tanker* drivers received higher wages. The tanker men had already been treated to some extent as an elite among drivers because of the inflammable cargo they carry, and the productivity deal put them even farther ahead of other commercial drivers in the wage league. Pay policy has reduced the differential to the point where the tanker men decided they wanted to increase it once more.

Settlements for non-tanker *drivers have been running at* about 15 per cent., in breach of guidelines, based on the national average of 12½ hours' overtime within the industry. That in itself has helped to steel the tanker men to push for a little more. According to the oil companies, the improvements that have been sought by the drivers would mean an overall advance of about 20 per cent.

Mr. Jack Ashwell, the TGWU transport secretary, said yesterday that fears about the level of employment in the industry was now "a big worry" for the tanker men. Shell has already announced that within the next five years it will be ending its *contracts with one-fifth of the* filling stations selling its petrol. Their sales are so small, Shell says, that it loses money supplying them. Union officials say the *oil companies are not replacing* the tanker drivers who leave their jobs, and that there is a growing tendency to use outside contractors rather than to *require overtime from staff* drivers during peak supply periods.

The result, officials say, is that there will be a steady decline in the amount of work available to the drivers. Mr. Ashwell went so far earlier this *week as to describe it as a* "dying industry."

Union negotiators say that this is the principal reason why they are trying to get a full *10 per cent. rise on basic pay* after consolidation, excluding productivity, in return for cutting down on overtime.

It would be up to the com*panies then,* Mr. Ashwell said, to decide, by the amount of overtime they offer, if they want to stay within the guidelines.

This argument is rejected by the oil companies. Average overtime is currently running at a rate of eight to 10 hours a week on top of the normal 40 hours.

That overtime will have to be worked, the companies say, and a better deal on basic pay would be outside the guidelines. The companies have already said that they take seriously the threat of Government sanctions if the guidelines are breached.

The offer made by the oil companies affected by the overtime ban is of about £4 a week including productivity payments with new maximum wages of around £115.

Union officials want to stick to what is being offered in the way of wage consolidation, but say that if a strike really starts the drivers might push for a target as high as £90. Many of the oil men doubt, however, whether the men will go on strike.

The Government and the companies have been trying to keep the dispute in a low-key way. Earlier this week, however, Mr. William Rodgers, the Transport Secretary, said that a ban would damage industry, and Government officials were meeting yesterday to arrange talks with senior union officials to discuss the situation. If the men dig in and try to fight their way through, the result could be the kind of industrial disruption no one likes to think about.

MEN AND MATTERS

Zimbabwe's place in the Strand

It was all black militancy (with a strong dash of white radical chic) in Covent Garden yesterday for the launching of a book about Rhodesian guerillas. Novelist James Baldwin, who had flown over from New York, daringly called himself a nigger and joked about the end of the British Empire. Everyone was united in the conviction that a few months more of "Black Fire"—the title of the book—would mean the end of Ian Smith. But there was considerable disunity about who might take over from him. The bishop, Joshua, or Mugabe: who could say?

The answer to this mystery may also prove of interest to someone living just around the corner from the Covent Garden fiesta. He is a Scotsman named *Dempster, caretaker of* Rhodesia House in the Strand. For more than 12 years this desirable property has been awaiting its new occupants; when they *move in it will doubtless be* renamed Zimbabwe House.

After bidding farewell to the freedom-fighters I strolled down to the Strand and rang the Rhodesia House side-door bell. Dempster answered on the in*tercom from his topfloor eyrie,* but refused to come down and discuss whether he looks forward to the end of his lonely vigil.

In charge of the premises is a body called the Rhodesia Pensions Office, *working discreetly* from St. Albans, Hertfordshire. Their main role is to care for Rhodesian pensioners and students in this country, although one of the staff comes to town regularly to see that Dempster is in good heart. Peering through a window, I saw only lines of filing cabinets, standing as they were abandoned after UDI. Later, I was assured from St. Albans, that portraits of Cecil Rhodes and his pioneer lieutenants still hang in their appointed places and a handsome desk of finest Rhodesian (sorry, Zimbabwean) wood, awaits the first black high commissioner.

The Foreign and Commonwealth Office says that as matters stand, Rhodesia House belongs to Britain and will only revert when there is a legal government in Salisbury again. If there is an internal settlement, and Bishop Muzorewa's men try to move in, that might present Dr. David Owen with a tricky decision. But if the Patriotic Front wins through, it could fittingly offer him that portrait of Rhodes, as a trophy of the struggle.

Cooped up

Chickens will be going cheap if a rearing process being perfected in *Canada* is taken up by the farming industry. Researchers in Nova Scotia say that by keeping broiler chickens in the dark the birds can be fattened up to oven-weight on low protein rations which cost some $36 a tonne less than the usual chickenfeed.

Farmers, who normally light their broiler houses, will save money on electricity, too.

The research team reports that the birds spend their lives in a semi-somnolent, highly-relaxed state. Male birds, which normally have to have their beaks clipped to stop them pecking the life out of the competition, can be left alone, since in the half dark they apparently become a lot less perky.

Kreisky's choice

Bruno Kreisky, the Austrian Chancellor, came in for a con*siderable amount of flak from* both sides of the political spectrum when he chose 58-year-old Stephan Koren as the new president of the Austrian *central bank,* the Nationalbank. For Koren, who takes over his new post to-day, is not only not a member of Kreisky's ruling Socialist Party; he is the former chairman of the *Parliamentary* group of the opposition People's Party.

In Kreisky's view Koren, an economist and former university professor, was clearly the best qualified man for the job. But the Chancellor also clearly enjoyed hearing the outraged *cries from the opposition* that, by choosing one of their leading economic spokesmen, they had, in effect, been "nobbled."

It is not the first time that Kreisky has insisted on the principle that Austria is a small country which must make full *use of its available talent,* irrespective of party affiliations.

The present federal president, Rudolf Kirchschlaeger, for example, was Kreisky's personal choice for the post of Foreign Minister when the Socialists came to power in 1970, although he was not a party member. He then went on to ensure that *Kirchschlaeger* became the party's official candidate for the position of Head of State.

In choosing Koren for the central bank job, however, Kreisky has gone one step further and appointed the man *who was not only Minister of* Finance in the last conservative Government but also the sharpest critic of the Government's monetary policy ever since.

What has made the controversy even more fierce has been Press revelations that the post of central bank president carries with it the princely salary of around 4m. Austrian schillings —some £140,845 annually. This is believed to be 60 per cent. *higher than the salary enjoyed* by Karl Klasen of the West German Bundesbank, nearly five times higher than William Miller's at the U.S. federal reserve. It is a *sum* which makes Gordon Richardson's 1977 salary of £32,000 (of which he waived £6,000) positively miserly.

Matter of taste

Overheard at the theatre ticket counter in a Kensington hotel: "I may just be able to get you a couple of seats, madam, but it's an extremely popular show —there's something in it to disgust everyone."

Observer

Mrs. Thatcher and the facts

"People are really rather aid that this country might rather swamped by people h a different culture."—Mrs. rgaret Thatcher on television Monday night.

he total "immigrant" popu on of Britain is around 1.9m., luding an arbitrary figure of 000 for illegal immigrants. total "black" population—ican, Asian, West Indian—is siderably lower—about 1.5m. you go back to the larger ire, and thus include riots, Maltese, Chinese, oans, Malays, and a dozen er groups from the scattered mants of Empire, the grand l comes to something under er cent. of our present popu n. According to the best able estimates this propor might be doubled by 2000, but the balance of ability is that it will not.

t is not easy to get clear es from the Home Office immigration."—Mrs. cher.

ailed statistics covering rigins and destinations of ls from every country in world are published lly by the Home Office; are brought up to date in pecial statement every er. See "Control of gration Statistics, 1976," hed as Cmnd 6883 by Her ty's Stationery Office, and edecessors for the past five

most recent, dated nber 21, 1977, tells us that e third quarter of last he backlog of dependents Pakistan accounted for a er cent. increase in the er of its nationals accepted ettlement, as against the quarter of 1976. But the l figure, taking in arrivals other "New Common ." countries was 22 per down.

ETHNIC MINORITIES IN BRITAIN

(thousands)

	Mid-1971 population	Births	Deaths	Net migration	Mid-1976 population	Percentage increase
Indian	307	62	7	28	390	27
Pakistani[1]	171	43	3	35	246	44
African Asians	68	9	1	84	160	135
Total Asian	546	114	11	147	796	46
African	69	16	1	13	97	41
West Indian	553	64	8	−5	604	9
Cypriot & Maltese[2]	140	18	3	4	159	14
Far East & Others[3]	63	17	1	36	115	83
Total	1,371	229	24	195	1,771	29

[1] Including Bangladesh [2] Including Gibraltar & Gozo [3] Hong Kong, Singapore, Malaysia, Samoa, Fiji, etc.

Source: Office of Population Census and Surveys

Mr. Callaghan said in the Commons yesterday that numbers overall were a quarter down last year. A tightening of the rule for people who marry British wives accounts for part of this; deliberate but unacknowledged administrative delays may account for another part.

"What we want to know, and what the Home Office have never been able to let us know, is the numbers who, under present law, are entitled to come here."—Mrs. Thatcher.

The report of a Home Office-appointed committee under the chairmanship of Lord Franks (Command 6698), published in February 1977, explained the complications of a register of dependents of people already living in Britain. *It is not possible to predict how many of them will take foreign husbands or wives, of any colour. It is not particularly useful to include white Australians or Canadians who may be entitled to come (since they are not regarded as "people with a different culture"), but a register that set out racial criteria would run into the difficult question of how many drops of non-white blood one would have to have to be included.*

"There was a committee which . . . said that if we went on as we are then by the end of the century there would be 4m. people of the new Commonwealth or Pakistan here."—Mrs. Thatcher

In paragraph 15 of its report the Franks Committee hints at a figure of about 3.8m., on unchanged policies. "The number of future immigrants and their children is likely to account for a smaller proportion of the increase between now and the end of the century than will those born in the U.K. to those already here," said the committee.

Following the publication of its report, further work based on the 1971 census and subsequent registrations of births, deaths and net migration became available. Professor W. Brass, Director of the Centre for Population studies of the University of London, put them through some standard statistical tests.

He started with the fall in the "total fertility rate" (likely completed family size on present trends) for the whole British population between 1969 and 1975. Leaving aside his decimal points, this was a remarkable drop—from an expected average of three children per family to just under two. The fall for West Indians was even sharper: from four to just over two. And for Asians the drop was from six to four, with a sharper drop for the better-established Indians than the newly arriving Pakistanis.

In short, all the evidence points to a converging of the "black" birth rates with that of the indigenous population. No recorded fall like the Asian one from six to four has ever stopped there: it would be against all demographic experience if it did not continue down to two.

"If you want good race relations, you have got to allay peoples' fears on numbers."—Mrs. Thatcher.

Taking official published statistics and Professor Brass's work, it is clear that the fears on numbers have no basis in the likely growth of the *West Indian* population. There is now a small net outward migration, and the birth rate is right down. Because there is a large number of young West Indians living here their total population will grow faster than the rate recorded by the indigenous population: the degree to which future outward migration may offset this is unknown.

The *Asian* population is still coming in, mainly because their major wave of dependents is still on its way. It is relatively such a young population that it will produce many babies, even if its fertility rate falls. Professor Brass calculates that the total "New Commonwealth" population will grow by about 600,000 by the end of the century if all its ethnic groups reproduce at the native British rate from now on, and by a further 200,000 to 300,000 if the Asians remain extra fertile for a few more years. His best guess on the likely in-migration, based on present policies being unchanged, is a further 600,000—bringing the AD 2000 total to some 3.3m. to 3.4m.

"NEW COMMONWEALTH" POPULATION OF GREAT BRITAIN

(thousands)

Mid-year to mid-year	1971-72	1972-73	1973-74	1974-75	1975-76
Population at beginning of period	1,371	1,453	1,547	1,615	1,691
Births	−49	−47	−44	−44	−45
Deaths*	− 4	− 5	− 5	− 5	− 5
Natural increase	−42	−42	−39	−39	−40
Migration	−37	−52	−29	−37	−40
Change in year	−82	−94	−68	−76	−80
Population at end of period	1,453	1,547	1,615	1,691	1,771
Per cent. of home population at end of period	2.7	2.8	3.0	3.1	3.3

* Including Pakistan.

Source: Office of Population Census and Surveys

"We must hold out the clear prospect of an end to immigration."—Mrs. Thatcher.

The Conservative leader spoke of "between 45,000 and 50,000 people coming in a year," which she equated to two new small towns. The actual annual average for the five years to 1976 is 39,000, net, as indicated above. It has since been falling. The average rate of natural increase over the same period was about a thousand a year higher, and it can be expected to rise.

". . . except, of course, for compassionate cases." — Mrs. Thatcher.

A clear list of categories of dependents at present admitted for entry is contained in the Franks Report. (There are very few work permits granted now). The first is "wives and children of those already settled here." Under the Conservatives' Immigration Act of 1971, all immigrants settled here before January 1, 1973 can bring their wives, and children under 18. All are, of course, subject to clearance on entry.

Arrivals since 1973 may not apply to register as settled immigrants for the first five years of their stay. We will not know for at least a year how many of the first year's crop of post-1973 arrivals will apply for settlement: only they would be permitted, under present law, to bring in dependents. It is thus not possible to calculate the numerical effect of cutting off this right.

Parents, grandparents and other relatives living in distressed circumstances may be brought in, subject to clearance: the rules for such cases have been progressively tightened.

Ashley Ashwood

Immigrant organisations believe that it is already very difficult to get anyone in under this provision.

Fiancees and, since 1974, fiances may be given temporary admission, and accepted for settlement on marriage. The loophole for engaged men from abroad was widened by Mr. Roy Jenkins; it is the one thought by most people to be the most likely to be closed if any rules are tightened. On past figures, it might reduce immigration for settlement by two or three thousand a year—but then prospective spouses could still come in as students or visitors, marry, and apply for settlement.

"You know, the British character has done so much for democracy, for law and done so much throughout the world . . ."—Mrs. Thatcher.

The Franks Committee (paragraph 21) says "The reluctance of Parliament retrospectively to take away the entitlements or expectations which people had already acquired is most clearly exemplified in the repeated preservation since 1962 of the right of a Commonwealth citizen settled in the United Kingdom (that is, lawfully here free of conditions on his stay) to bring his wife and children under 16 (in practice under 18) to join him. For those becoming settled since the 1971 Act took effect, the entitlement is not to be found in the statute law, but in the Immigration Rules approved by Parliament."

"Are the dependents coming in now the wives and families of people who came in after 1973? If they are they have come without the right to permanent settlement" — Mrs. Thatcher on the Jimmy Young show yesterday.

The provisions affecting such people, says the Franks Committee, "reflect the ratification by the U.K. of, for example, the European Convention for the Protection of Human Rights and Fundamental Freedoms which guarantees *inter alia* the right to marry and found a family, and respect for private and family life. . ."

Joe Rogaly

Letters to the Editor

ebate on ergers

Mr. N. Stacey.

—Correspondence in your ns (January 19) on ers runs the risk of being acked from debating the points originally raised. ly these are the assumption a) mergers tend to reduce ition and (b) merged com tend to be less profitable. Drs. Meeks declare, for nce, that a "merger in an try makes competition less it would otherwise have —a generalisation difficult bstantiate and only re plausible. Statisticians ver-concerned with the out of firms and ignore the et for its products—which ely to be highly competitive vulnerable to imports; so can mergers reduce compe in the real world as sed to in Utopia?

e Doctors also feel keenly "disappointing" profit per ance of merged companies; readers may feel quite tly (as this one does) that y companies merged between and 1973 could scarcely avoided showing disappoint profitability in subsequent s—in much the same ion as so many of the non ging firms did during this od.

Managers and capitalists" y not industrialists and ers?), I agree with the tors, learn quite quickly from rience; if they don't learn "managers" get fired and "capitalists" go bankrupt. is what happens when ey is at stake as opposed to elegant arguments. But tever businessmen have ot would be difficult to com icate to sceptics of dynamic ness—as they would be un iliar with risk taking. Deci s in business are not invari quantifiable since this ty is intolerable in mathe cal economics it must assailed in professorial sprache on mergers.

e point surely is this: not mergers are successful, in way that not all companies, all teaching establishments not all research organisa are successful. Mergers be more successful if better ned; they are, too, more essful between successful panies. It is recognised have been unfruitful ers. Have there been so of them, however, that the rnment ought to take a new at merger legislation? And all, if there have been so unsuccessful merged com s, do these—more than ssful unmerged firms—pose oretically of course) a rising t of monopoly as they must e Meeks dictum (above) is ved; or, are the critics im g that managers and alists ought to be saved their follies by a nalistic Government?

ither I nor anyone else s whether or not 50 per of all mergers have or not been "successful"— I doubt if more than 50 per of all companies or partner in Britain are successful he same profit yardstick as by Doctors Meeks.

hat I would like to see is a h in the current discussion ergers—away from a cata e of the characteristics of ccessful mergers a subject has been over-stimulated. It bore to concentrate on un ess all the time, a posture lachrymonious academics y. I would prefer a wide ing discussion on, and re h into, the factors which lead to successful mergers. issues about monopolistic ensities may also be studied monopoly must not be ted with mergers or vice-

Academics and non-academics must join forces in exploring these contentious questions if the intention is to make practical businessmen more aware, theorists more practical and government action—if needed—more wise on mergers. I opt for public debate, and open government in discussing these matters. When realised that in 1977 alone perhaps more than £600m. changed hands by the acquisition and merger of companies then it seems that setting up a Royal Commission to consider the matter in a much wider context may be desirable. But whatever happens, in mergers as well as in other spheres British business needs a calmer political-economic milieu in which to work and prosper.

Nicholas A. H. Stacey,
Reform Club,
Pall Mall, S.W.1.

Windmills on high

From the Chairman, Batalas.

Sir,—Your Science Editor's article, January 26, includes a map to indicate areas of highest available wind energy in the U.K. which omits Orkney and Shetland—the areas of highest available wind energy. It may be that now Orkney and Shetland are major oil terminals wind power is not necessary. Or it may be, now that Joe Grimmond has arranged a separate referendum for them, that they will opt out of U.K. in favour of a return to their original allegiance, Norway!

During the 1920s and early '30s my father built a wind-generated electricity system in Orkney. Just after the war the Scottish Electricity Authority built a large modern windmill at Costa Head in Orkney to feed electricity from an asynchronous AC generator into the local grid. But attempts at large wind-driven generators fail for two reasons:

(a) If they are in areas of highest wind availability they are subjected at times to very short gusts of wind whose speed exceeds 130 mph. This either demolishes the tower or sets up flutter in the blades which eventually fail due to fatigue; (b) if they are in areas clear of high gusts, the frequency and duration of periods of almost no wind are such as to require large uneconomical energy storage schemes such as pumped storage.

In general wind-generated electricity has, as yet, been effective where only intermittent supply is necessary (for example, heating of water or for raising soil temperature by resistance heating). Small windmills generating up to 10 kw at maximum wind force can be economical in fairly remote areas such as Orkney, Shetland and North West Scotland when used for purposes where a continuous supply is not required.

(Col.) A. L. Work,
13 College Place,
Southampton.

Low cut-in speeds

From Mr. J. Nichols

Sir,—Recent correspondence on the use of aero generators for the supply of electricity have concentrated on MW units feeding into the grid and have talked of the power needs of a house in terms of electrical energy.

I believe that your correspondents have overlooked a few basic facts which must be understood before an opinion can be expressed on the suitability of wind power as a useful source of energy.

We would not be considering it unless we were concerned with energy conservation. It makes no more sense to talk of a domestic power requirement in terms of electrical units than it does to express it in terms of bushels of coal. You get very little light from a red hot coal! No sir, we must use the best energy source for each domestic requirement. Let us suppose that space heating, water heating, and cooking is fuelled by oil, gas and coal. The remaining domestic requirements will be met by electricity, and in these circumstances 2.5 KVA will meet the demand.

With transmission costs as high as they are a small community generator of 80 foot span producing 40 KVA direct to groups of 6-12 houses would be far more efficient than a 2-3 MW unit feeding into the grid. It should be remembered that only 150 years ago there were 10,000 aero generators at work in this country producing between 20-30 KVA. There was no argument then about mean wind speeds, and the advantage of putting the engine on a high hill in Scotland. Each windmill was at the heart of its community, where the millers would have talked about low cut-in speeds, not optimum wind speeds.

There are other means of storing energy than reversible hydro electrical schemes. Although I have looked into this method in relation to a tower windmill, I can assure your readers that electrolysis of water or thermo-chemical storage show more promise.

May I say in conclusion that the use of community wind *generators in country areas* representing about 75 per cent. of this island would lead to a considerable saving in energy both in terms of power used by the consumer and in power line and transformer losses, and that in relation to the pylons of the MW generators it can be said of them that "small is beautiful."

J. W. L. Nichols,
Mill House, Holton St. Peter,
Halesworth, Suffolk.

In danger of hell-fire

From Mr. L. Clark.

Sir,—". . . indexation (of capital gains tax) would virtually eliminate the tax altogether": Treasury pronouncements, stretching back for nearly five years, endorse these closing words of Mr. S. W. Penwill's letter of January 27.

The tax has become, almost entirely, a tax on monetary gains due to inflation. Such a tax is not on the statute book. The Revenue attempts to justify it by passages in the 1965 Finance Act detailing the definition of cost of chargeable assets, which were drafted before the great inflation of recent years. Buckley J., in his supporting judgment in the case Secretan v. Hart, bases his argument on the same passages.

John Hampden, refusing to contribute to one of Charles I's forced loans, gave as his reason: "because I fear to draw on myself that curse of Magna Carta which is to be read twice a year against those that infringe it." The curse was excommunication.

Those who pay, as well as those who administer, the unindexed capital gains tax would seem to be in danger of hell-fire.

Laurence Clark,
6 Temple Gardens, Moor Park,
Rickmansworth, Herts.

Antediluvian tax basis

From Mr R. Harrop

Sir,—Mr. David Wainman's article on the assessment of bank interest does not fully disclose the absurdity of the law on this subject because he deals only with the case where the deposit on which the interest is paid does not change.

If anything is added to or taken away from the amount deposited then the opening or closing provisions must be applied in respect of the change: the "preceding year" basis only applies where the source is not changed. The effect is that, provided the rate of interest is unchanged, the true basis of assessment is equivalent to assessment on the actual income of the year. Yet in over fifty years I have never found a tax district where the legal basis of assessment under Case III was known until referred to the relative sections of the Income Tax Acts.

The vast bulk of taxation is now collected, I suppose, on the basis of the actual income of the year of assessment. The preceding year basis with the opening and closing provisions can be unfair both to the taxpayer and/or the Inland Revenue: they can also be exploited for tax avoidance purposes.

Why do the authorities stubbornly cling to the antediluvian preceding year basis in Schedule D, Cases I to V?

Reginald Harrop.
The Penthouse,
St. Lucia, West Parade,
Bexhill-on-Sea.

Computing the gains

From Mr. L. Goslin.

Sir,—The trouble with Mr. J. Bennett's proposal (January 20) that the capital gains tax base date should be brought forward, is that many people sitting on large paper losses prior to the new base date would be unable to off-set them against future gains.

Like Mr. S. Penwill (January 27) I manage investments, and as the years go by find it increasingly tedious to compute the gains. Name changes, capital returns, scrip issues (particularly in the form of preference shares or loan stock), part sales, take-over bids in the form of various bits of paper, etc., all tend to complicate matters and increase the work load.

A typical example is a sale of ZCI loan stocks which I made some years ago. This involved Bancroft Mines bought pre-1965, a share exchange bid by Nchanga, a further bid by the Zambian Government involving shares and two different loan stocks, the conversion later of one of the loan stocks into shares and yet another loan stock. Complicating matters further was a take-over by the same party of my Rhokana shares in a similar manoeuvre. Details were fed to my tax inspector, and after spending what must have been a considerable time on the matter he came up with a gain of £8.97. This however, had pre-supposed that an odd 50 Nchanga shares had come about as a bonus issue. I pointed out that they had been bought for £90.40 on May 15, 1967. Nothing further was heard, but some *time later a small refund from* the Inland Revenue dropped through my letter box, with no comments. With a Bed and Breakfast deal lined up for the residue of my ZCI shares, it seems I will have to go through this whole dreary rigmarole once more.

All in all, I think Lex (January 30) has the right idea—tax-free gains up to say, £1,000. This would help small investors like myself to at least circumnavigate the more tricky ones. It would also take a lot of the burden off the backs of the tax inspectors.

L. S. Goslin.
"The Cottage,"
2, Wyke Oliver Rd.,
Preston,
Weymouth, Dorset.

To-day's Events

GENERAL

National Economic Development Council meets under chairmanship of Prime Minister.

International Monetary Fund monthly gold auction, Washington.

World Energy Resources report published.

Mr. Michael Edwardes, British Leyland chairman, makes statement on future cars' group policy to union leaders and management, Birmingham.

Petrol tanker drivers' overtime ban due to begin.

Pay talks resume between Iron and Steel Trades Confederation and British Steel Corporation.

Unfair Contract Terms Act comes into force.

CBI Smaller Firms Council meets.

One-day seminar on Energy Saving in the Plastics and Rubber Industries, organised jointly by Rubber and Plastics Research Association and Department of Industry, Leofric Hotel, Coventry.

International Cricket Conference meets, Lord's.

Sir Peter Vanneck, Lord Mayor of London, and his Sheriffs attend Fletchers' Company dinner, Barber-Surgeons Hall, E.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Scotland Bill, completion of committee stage. Motion on Community Drivers' Hours Rules (Temporary Modifications) Regulations.

House of Lords: Debate on alternative energy sources.

Select Committees: Science and Technology (General Purposes sub-committee). Subject: Durability and efficiency of electric light sources. Witnesses: Department ... (sub-committee B). Subject: Electricity Council report and accounts. Witnesses: Electricity Council (10.45 a.m., Room 8). Expenditure (Social Services and Employment sub-committee). Subject: Employment and Training. Witnesses: Manpower Services Commission (4.30 p.m., Room 15).

COMPANY RESULTS

Plessey Co. (second interim)

COMPANY MEETINGS

Glenmurray Investment Trust, 8, Crosby Square, E.C.3, 3.30. Richards, Aberdeen 12

OPERA

English National Opera production of Rigoletto, Coliseum Theatre, W.C.2, 7.30 p.m.

BALLET

Royal Ballet dance The Dream, Monotones, and The Four Seasons, Covent Garden, W.C.2, 7.30 p.m.

MUSIC

Thames Chamber Orchestra, conductor Michael Dobson, perform Bach (Brandenburg Concertos 4 and 5) and Vivaldi (The Four Seasons), Queen Elizabeth Hall, S.E.1, 7.45 p.m.

COMPANY NEWS + COMMENT

Howard Machinery declines to £1.51m.

PRE-TAX PROFITS of Howard Machinery declined from £3.26m. to £1.51m. for the year to October 31, 1977, *on higher sales of* £74.45m., compared with £69.34m.

At halfway, the directors said that owing to difficult conditions in some major overseas markets, profits had dropped from £826,000 to £21,000 and these conditions were *unlikely to improve* during the year.

Full-year earnings are *shown* as 2.4p (5.1p) per 25p share, while a final dividend of 1.188p (same) maintains the total at 2.233p net.

	1976-77 £000	1975-76 £000
Sales	74,450	69,342
Pre-tax profit	1,512	3,258
Tax*	810	1,797
Net profit	702	1,461
Minority interests	16	†20
Dividends	644	644
To reserves	42	837

*Consists of overseas tax £722,000 (£1,327,000) and U.K. tax £88,000 (£470,000). Of total 1976-77 tax charge, £163,000 is deferred.
†Loss.

● comment

Howard Machinery's second half shows some recovery, but not enough to prevent *full year* profits falling to under half that achieved in the previous year. The reasons for the underlying poor performance are both economic and climatic. Farmers in general have been buying less new equipment and in addition some areas of the world—Australia, South Africa and some parts of the U.S.—have faced drought *conditions. And within a smaller market base* Howard has faced stiff competi*tion from the Dutch firm Lely* in the field of rotavator equipment. The rotavator, *which was* developed by Howard in the thirties, is the bedrock of the business and still accounts for some 40 to 50 per cent. of sales.

In the U.K. Howard has met this increased competition by introducing an improved rotavator. This has proved successful in warding off the competition in the U.K. but Lely is still a major *force particularly in continental* Europe. The outlook for this year *remains unexciting* and so the shares are unlikely to move out of the trading range established over the past few months. But the company maintained the dividend was enough to send the shares 2p higher to 35p, where the just covered payment yields 10 per cent. The p/e is 14.

GLANFIED LAWRENCE

The Board of Glanfield Lawrence states that consequent upon the disposal of Ordinary and B Ordinary shares by a director in November, 1977, the close company status has been recalculated, and it would appear that close company provisions no longer apply to the company.

SIMON CLARKE PRODUCTIONS

Simon Clarke Productions was compulsorily wound up by Mr. Justice Slade in the High Court *yesterday.*

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J. Dyson sees £2.7m. for year

REFRACTORY MATERIALS and fire resisting goods manufacturers J. and J. Dyson reports pre-tax profits up from £0.96m. to £1.37m. for the six months to September 30, 1977, and forecasts full-year profits to be in the region of £2.7m. Profit for the 1976-77 year was a record £2.3m.

The directors say that despite the recession in the steel industry, *resulting in difficult trading conditions*, the company's diversification *policy* pursued during the past few years has minimised the effect of this and any possible shortfall in profit has been more than compensated by *substantially* increased profits from these other interests. They add that this policy will continue in the years ahead.

The interim dividend is lifted from 1.55p to 1.925p net per 25p *share, and the directors forecast* an unchanged 1.675p net final under *present restrictions. They* say that the forward looking policies of the group enable them to face the future with confidence.

● comment

First half profits of J. and J. Dyson are 44 per cent. higher and margins have improved by more than a *point, but this* compares with two previous half-yearly growth figures of 84 per cent. and 66 per cent. Dyson Refractories, a major profits earner in the past, is still suffering the effects of the world-wide recession in the steel industry and protracted labour problems at *the Midland works are yet un*solved. By contrast however, *there was a strong performance* by the company's other refractory company, *Pickford Holland*. Here, new products and exports did well because of higher activity in the special and alloys sector of the steel industry, and more stable raw material prices are helping to alleviate the company's cash flow problems. *In the mean*time, the expansion of other interests has left Dyson much less vulnerable to the problems of *the steel industry; in particular,* M. and G. Trailers, where there *has been an upturn* in the demand for articulated vehicles, *possibly due to the Government's* recent clarification to hauliers on their attitude towards *heavy* vehicles. Meanwhile, the group's improved cash flow lessens the need for the mooted rights issue. At the forecast level, the shares, at 52p, are on a prospective p/e of 5.2 while the yield of 10.7 per cent. is covered more than two and a half times.

Good start for Utd. Spring

Mr. D. Westwood, chairman of United Spring and Steel group, *told* the annual meeting that the spring division continued to make steady but very positive progress with all the manufacturing units working well both individually and with each other.

The steel division got off to a *good start* and was gaining some benefit from its increasing con*centration on selling to users of* higher quality material.

Profit for the first three months of the current year had shown an encouraging increase over the same period last year, and with signs of a slight improvement in industry generally, Mr. Westwood viewed this year with more confidence than he did last year.

Midway rise by Boulton & Paul

Structural engineers and woodworkers Boulton and Paul reports pre-tax profits ahead from £3.67m. *to £2.74m. for the six months to* September 30, 1977, on turnover of *£30.11m. against £28.18m. For* the whole of the previous year, a record £6.78m. surplus was achieved.

After tax of £1.43m. (£1.39m.) and minorities £19,000 (£33,000), attributable profit for the half year emerged up from £1.25m. to £1.3m.

As *in previous years*, no *interim dividend is payable on* the Ordinary and "A" non-voting 25p shares.

All the equity of the company is held by British Electric Traction Company.

ICL falls below budget

FIRST QUARTER 1977-78 turnover and profits of ICL fell below plan, Mr. T. C. Hudson, chairman, *told the annual meeting in London* yesterday.

There was a slow start in the first two months, due substan*tially to industrial relations prob*lems and consequent difficulties in achieving the planned output.

But the position recovered strongly in December and output has since been flowing well, he added.

The chairman reiterated his earlier statement that the directors remained confident of further significant growth for the full year.

On new orders the 1977-78 budget for the first quarter was significantly higher in value and actual orders taken comfortably exceeded this much higher budget, Mr. Hudson said.

To a question from a share*holder about the company's South* African investments, the chair*man said that South Africa would* continue to be a viable market for some time to come "and we intend to stay." However, the situation was constantly being reviewed.

IDC down but upturn foreseen

AS *EXPECTED, taxable profits* of IDC Group declined further in the second half year leaving the figure for the 12 months to October 31, 1977 down from £1.02m. to £0.43m. However, the directors report that the current year is progressing well, with enquiries at a high level and a satisfactory number of confirmations, which should result in a substantial recovery *towards* previous levels of profitability.

At *halfway when the directors* made their forecast of lower profits, the fall was from £422,000 to £191,000.

Turnover for the year amounted to £21.75m. (£22.51m.). Tax took £220,514 (£651,941) leaving the net balance at £205,543 (£368,362).

Basic earnings per 20p share are shown at 9.5p (17.4p) and diluted at 7.6p (14.9p). The net final dividend is 6.8061p, raising the total payment from 8.3614p to 8.9801p.

Hopeful signs for Electronic Machine

FOLLOWING a second half pre-tax loss of £105,372 against £28,405 at *Electronic Machine Co., which* resulted in a full year's loss of £287,354 for the April 30, 1977 period, compared with a profit of £2,595, the company now reports a pre-tax loss *of* £122,836 for the six months to October 31, 1977 on turnover of £1.36m. against £1.02m.

The directors, however, anticipate that as a result of the action they have now taken the trading results for the full 1977-78 year should not be materially worse *than those* for the current half year.

Turnover for the year to April 30 was ahead from £1.65m. to £2.27m. and pre-tax loss was incurred after £70,848 (nil) provision for slow moving stock, and research and development *expen*diture £27,143 (£20,651).

Loss per 25p share came out at 10.15p (0.3p) and the net asset value per share is given as 34.03p *against 38.22p.*

The directors state that the earlier indications of *improving* performance in the metal pressing division was not sustained, and moreover worsened due to a low level of economic activity in consumer durables and the motor car industry.

Furthermore, Panax, due to a number of factors, did not achieve production of its *new instrument* range as anticipated. Both the metal pressing division and Panax continued to make substantial *losses to* October 31, 1977, totalling £127,611 which accounts for the group *loss for that period.*

In the light of these two results firm management action has been taken over the last few months to correct adverse effect of *these two companies*, on the remainder of the group's trading, they add.

They explain that over the last year the group has experienced a severe strain in liquidity as a result of these setbacks which, with *the support* of its bank it has managed to weather. Contracts have now been exchanged for the sale of three of the group's freeholds for £500,000 and the sale of a further freehold is being negotiated. They anticipate a *reduction* in group's borrowings of about £550,000 as a result.

Group properties were revalued in April 1977 disclosing a surplus of £147,250, the majority of which has now been realised in these property sales and the whole of which has been credited to reserves.

	Year 1976-77 £	1975-76 £
Turnover	2,273,800	1,651,000
*Pre-tax loss	287,354	†2,595
Tax credit	15,100	4,537
Extraordinary debit	—	40,380
Minorities loss	459	238
From reserves	248,795	32,000

* After provision for slow moving stock £70,848 (nil) and research and development expenditure £27,143 (£20,651). † Profit.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
BAT Industries	3.51	April 1	4.73	18.01	10.73
BAT Industries ...int.	4.4	April 1	3.5	—	13.01
Daejan Hldgs. ...int.	1.55	April 4	1.14	—	2.93
J. and J. Dyson ...int.	1.93	April 7	1.55	—	3.23
Howard Machinery	1.19	April 1	1.19	2.23	2.23
IDC Group	6.81	—	6.18	8.98	8.36
Sterling Credit ...int.	0.74	March 23	0.68	—	1.8
Warren Plant ...int.	4.63‡	April 4	3	—	9.1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Corrected.

Prospects for Ley's Foundries

IN HIS annual statement, Mr. Francis D. Ley, chairman of Ley's Foundries and Engineering says that the profit margin being earned is too small and is very sensitive to changes in the volume of business, so that the current year outcome will much depend on an improvement in demand for products and freedom from serious disputes in the automotive industry.

As reported on January 10, pre-tax profits dropped from £3.1m. to £1.68m. for the year to September 30, 1977, on turnover up 9 per cent. at £35.2m. The dividend is *lifted to 4.3p (3.85p) net.*

Mr. Ley reports that the continued growth in export sales of castings from the malleable foundries was insufficient to compensate for the reduced demand from customers in the British *automotive industry, with the* result that the tonnage of castings *sold was the lowest for* five years.

As reported in May 1977, the severe industrial disputes at the factories of some of the group's main customers were the major factor in the substantial reduction *in the profit earned.*

The steel foundry experienced difficult trading conditions throughout the year with low demand for castings from the heavy engineering and shipbuilding industries and intense competition for any orders placed. The engineering company *was not as busy* as it had been in 1975/76, particularly in the export field, and recorded a lower profit.

In January, 1977, agreement was reached by the group to purchase from the Receiver most of the assets of The Beeston Boiler Co. and a *new company* was formed for this purpose.

In the *first eight* months of trading by the new company a firm foundation has been laid, states the chairman, and while a small loss was incurred for the year, he hopes that a profit will be earned in 1977/78.

Expenditure *on* fixed assets during the year was £1.7m. in the three companies which were subsidiaries throughout 1976/77. The largest single item was £450,000 for equipment to improve the cleaning of exhaust gases from the main melting plant at the Lincoln foundry. Expenditure at Beeston, including the initial purchase amounted to £540,000.

Meeting, Derby, February 22 at noon.

Gresham Life's new bond

Gresham Life Assurance Society, an associate company of N. M. Rothschild and Sons, has launched a new flexible investment bond, in the usual form of a single premium life assurance policy. There is a choice of five funds to which the bonds can be linked—equity, international, property, *gilt* and *cash—all managed* by N. M. Rothschild Asset Management.

The minimum investment is £1,000 and the money can be apportioned between the funds in units of £1,000. Switching facilities between the funds are available at very low rates. The charges *consist of a 5 per cent.* initial charge, which is included in the price of the units, and ½ per cent. per annum on the value of the fund (½ per cent. on the *gilt fund*).

There are the usual withdrawal facilities for investors requiring income of 2½ per cent. per half year of the initial investment. Tax would be completely deferred under such an arrangement until 20 annual payments have been made. There is a share exchange plan available under which gilts, quoted fixed-interest stocks and equities can be exchanged for Investment Bonds.

This launch represents the second step in the move by Gresham Life, a long-established *traditional life company*, to become involved in the unit-linked field. Last March, the company took its first step by marketing a gilt bond—primarily a pilot testing of the market. The next logical step after the present *move* would be *to* launch a regular savings plan linked to *these funds* and then self-employed and executive pension plans.

Gresham Life is moving towards becoming a broker-orientated life company and therefore needs to provide the type of contracts being sought by brokers. At present the bond market is particularly buoyant because of the active marketing by brokers.

City of London Brewery shows improvement

After management expenses of £65,184, against £57,314, and tax up from £405,282 to £423,525, City of London Brewery and Investment Trust improved net revenue for the half year to December 31, 1977, to £752,858, compared with £680,308. Total revenue was ahead £0.1m. at £1.24m.

At half time net asset value per 25p deferred stock unit was 78.1p (67.2p) after deduction of prior charges.

F. J. C. Lilley

Civil engineers F. J. C. Lilley announces the formation of a new subsidiary, Lilley Construction, *which will assist with the group's* expansion and development.

This will amalgamate the construction activities of the group's five main subsidiaries: F. J. C. Lilley (Contractors), F. J. C. Lilley (Marine), F. J. C. Lilley (Midlands), F. J. C. Lilley (Northern) and Lilley-Waddington.

The new company will be run in divisions under the following titles: water and drainage, marine and bridges, industrial and building and tunnel and benoto. Lilley Plant will remain as a separate *company but* at the same time will form the plant division of Lilley Construction.

Thos. Ward looks for increase

RESULTS FOR the current year at Thos. W. Ward are *expected* to show an improvement on the 1976/77 year, Mr. D. F. Walton, *the chairman*, says in his annual statement.

But, he adds, *it is likely* that the first half will be even more difficult for the group's scrap *operations*. The year started well at Ketton and profits from construction should be *maintained*, though volume deliveries of cement are not expected to rise by much, if at all.

Motor distribution results are *expected to improve*, the chairman says, with further growth in industrial services. And the measures taken in the company's engineering activities give the directors hope of improved profits there.

As reported on January 5, pre-tax profits for the year to September 30, 1977, *fell* by 5.9 per cent. from £8.08m. to £7.61m. on turnover of £242.7m., against £229.5m. The dividend is lifted to 4.08875p (3.65625p) with a 2.865p final.

During the year medium-term finance of £12m. was arranged, though by the year end only £5m. was drawn down. *Expenditure* on fixed assets of £4.9m., together with increases in stock *of* £2.8m. and dividend payments of £1.9m. again exceeded funds generated from operations. The group's long term aim, Mr. Walton says, is to raise the rate of return on assets employed.

In an analysis of trading profit the iron and steel and related industries fell by £1.80m. to £2.15m. with a pre-tax profit fall *of £473,000*. The chairman says that given the difficult trading conditions the pre-tax *decrease* is "not wholly unsatisfactory."

He adds that the past year in the scrap industry was one of the most difficult since the last war.

After a disappointing first half the group's construction activities more than made up lost ground to produce a further advance in profits for the full year, Mr. Walton *says*.

The market for motor vehicles recovered and *enabled* improved margins to be earned, he says.

In the current year the group has completed the sale of the fixed assets and stock and work in progress of *Thomas Smith* and Sons (Rodley) for £1.45m. and has reached an agreement in principle for the sale to British Steel Corporation of the Grantham and *Netherton steel* stockholding interests of John Lee and Son (Grantham).

The chairman also states that the group announced the run-down of the manufacturing operations of Marshall Richards Barco at Crook, and that Butters Cranes activities at Hillingdon were transferred *during* the year. Since the year end the property has been sold for £470,000.

Following the inflation accounting methods set by the Hyde Committee, the adjusted profit before tax is given as £4.24m. after de*ducting* depreciation adjustment £3.44m. and cost of sales adjustment £1.45m.: *from* the trading profit £11.58m., adding the gearing adjustment £1.52m. and deducting interest £3.93m. The reductions in scrap prices have had the effect of reducing the cost of sales adjustment by £2.11m.

A statement of source and application of funds shows a decrease in bank overdrafts of £3.24m. against £5.08m.

Meeting, Sheffield, February 24 at 3 p.m.

ISSUE NEWS

Yearlings climb to $7\frac{3}{8}$%

The coupon rate on the weekly local authority one year bond issues *has* climbed *this* week from 7 per cent. to 7⅜ per cent. The bonds are issued at £99⅞ (par last week) and due on February 7, 1979.

This week's issues are: City of Edinburgh District Council (£1m.), Metropolitan Borough of Sandwell (£1m.), Strathclyde Regional Council (£1m.), Stirling District Council (£½m.), Lanark District Council (£½m.), The Receiver for the Metropolitan Police District (£¼m.), *South Wight District* Council (£½m.), Bury Metropolitan Borough Council (£½m.), *City of* Salford (£½m.).

Fenland District Council has raised £½m. through 9 per cent. bonds January 30, 1980 at par.

Swale District Council is raising £½m. by an issue of 9¼ per *cent. bonds* at par due on January 28, 1981.

East *Cambridgeshire* District Council is raising £½m. of variable rate bonds dated January 27, 1983, at par, and the Borough of Thamesdown is raising £2m. of variable rate bonds repayable at par on January 28, 1983. Roxburgh District Council is raising £½m. of variable stock dated January 26, 1983.

In all cases the first interest payment next August will *amount* to £3.8188 per cent.

ARLINGTON—97%

Approximately 97 per cent. of the 822,488 shares offered by way of rights to shareholders of *Arlington Motor Holdings* have been taken up.

The balance of new Ordinary shares not taken up have been sold in accordance with the terms of the issue for the benefit of the Ordinary shareholders who did not take up their provisional allotment.

GEERS GROSS

Dealings in the shares of Geers Gross commence to-day following the requote, one-for-one rights issue and placing.

MIDLAND BANK STATISTICS

Statistics compiled by the Midland Bank show that the amount *of "new money"* raised in the U.K. by the issue of marketable securities in January was £32.7m., compared with £24m. in January, 1977.

Public bodies accounted for over half the total, including two stock issues by the Metropolitan Borough of Tameside.

Eight company issues raised £14.2m. including £13.7m. from seven rights issues of Ordinary shares.

UNITED ENGRG. INDUSTRIES

Holders of £½m. of United Engineering Industries 7 per cent. Convertible Loan Stock 1988-93 have notified the company that they require their holding to be converted into Ordinary shares.

WEST BROMWICH SPRING

West Bromwich Spring is proposing a capitalisation issue of one 11½ per cent. Cumulative one 11½ per cent. Cumulative Preference shares for every 10 Ordinary shares (including those to be issued by way of Ordinary share capitalisation).

BAT Industries 11% ahead with £416m.

...TH AN advance in taxable ...nings from £186m. to £201m. ...the second half, BAT Industries ...ed the year to September 30, ...7, showing an 11 per cent. rise ...full-time profit to £416m., ...inst £374m. Sales were up ...5m. at £6.21bn.

...he tobacco results generally ...tinued to improve with operat... profit up at £348m. (£324m.) ...sales of £4.1bn. (£3.75bn.), and ...division increased its share of ...free world market.

...ecovery continued in the paper ...ision where operating profit ...ped 56 per cent. to £53m. ...4m.) on sales of £552m. ...57m.). Better productivity ...bled Wiggins Teape to achieve ...ubstantial increase in profit. ...In the latter part of the year, ...kening demand and competi... pricing pressures in Europe ...ded this profit growth, the ...ectors say.

...owever, the group suffered ...backs in its retail operations ...in cosmetics. Due largely to ...r results from Gimbels and ...s Fifth Avenue, retailing ...rating profit fell to £24m. ...3m.) on sales of £1.39bn. ...28bn.).

...oor performance by Germaine ...teil in the U.S. over Christmas ...6 and by Yardley in the U.K. ...U.S. depressed cosmetics ...rating profit from £5m. to £3m. ...sales of £105m. (£91m.). The ...er companies in the division ...formed satisfactorily with the ...jority showing growth in ...fits.

...r. Peter Macadam, the chair... ...n, said later that he was con... ...nt that the group had the ...ancial and organisational ...ength to continue to develop ...ing the coming year, rather ...o stand still, even if there is ...rapid overall improvement in ...rld economic prospects.

...e stressed that although the ...erim payment had been in... ...ased, the group would have ...remain within the dividend ...trols if they are extended later ...s year. The company has ...eady been told informally that ...does not qualify for a relaxa... ...n of controls under the size of ...erseas assets criteria.

...roup earnings per 25p share ...stated at 62.4p (51.2p) basic, ...57.6p (46.6p) fully diluted, and ...net total dividend is stepped ...to 13.01p (10.725p) with a final ...5.51p. An interim dividend of ...p (3.5p) for 1977-78 is also ...nounced.

...The directors point out that ...ch of the group's activity is conducted overseas and the increase in profit is reported after allowing for appreciation of sterling against most currencies.

Computed on the same basis as in previous years, profit adjusted for inflation would be reduced by £52m. (£46m.). The directors comment that it is not yet clear whether the Hyde Guidelines are an improvement on the group's method of adjustment.

During the year the cigarette business of Lorillard outside the U.S. was acquired. As much of this business comprised goodwill and trade marks, £81m. has been set against reserves. In addition goodwill relating to supermarket chain F. J. Wallis and other smaller businesses purchased, has been treated similarly.

As a consequence of this together with additional overseas borrowing, the proportion of group debt to equity rose from 43.6 per cent. to 48.5 per cent. At year-end, medium- and long-term borrowings amounted to £528m. (£464m.) and short-term borrowings £184m. (£189m.).

Tax reductions relating to prior years, arising chiefly from a change in the method of capitalising reserves in Germany, reduced the average group rate of tax. Total group tax was maintained at £184m. (£183m.).

Over the current year, the group plans total capital expenditure of some £180m. (£130m.). A large part of this, is earmarked for the U.S. but there will also be heavy spending in the U.K.

In many countries, tobacco division trading profits increased at rates well in excess of local inflation, but in the U.S., Brown and Williamson's market share declined slightly in a static market.

Souza Cruz in Brazil enjoyed another successful year, expanding market share, turnover and profits, and in other parts of Latin America and the Caribbean, sales and profits advanced.

Interversa in Germany improved profits despite a small fall in overall domestic volume. For the rest of Europe, sales were higher than the previous year but profits declined slightly. Exports from the U.K. showed a substantial improvement in both sales and profits.

Overall, sales and profits in Asia improved, except in Malaysia due to price competition. Indonesia achieved good results while, despite higher sales, profits suffered in Africa because of the inability to obtain adequate price increases.

In retailing, Gimbels accelerated its programme of renovation in most stores and eliminated a number of unprofitable lines to improve its base for the future.

Saks Fifth Avenue raised margins on increased sales but these were offset by rising costs including pre-opening expenses of four new stores. Sales by Kohl were higher but profits were lower due to competitive pressure on margins and the costs of new store openings.

International Stores in the U.K. substantially improved its operations, benefiting from the opening of further new stores and the acquisition of F. J. Wallis.

The Brazilian operation accounted for most of the growth in profits of the paper division outside Europe with full capacity utilisation.

	1976-77 £m.	1975-76 £m.
Group sales	6,212	5,637
Trading profit	412	377
Investment income	61	53
Operating profit	473	430
Interest paid	57	56
Pre-tax profit	416	374
Taxation	184	183
Net profit	232	191
To minorities	22	21
Attributable	210	170
Inflation retention	52	46
Dividends	44	36
Other retentions	114	88

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

TO-DAY

Interims—British Dredging, Centreway Securities, Hillards, McKay Securities, Wholesale Fittings.

Finals—ACE Machinery, Arrolectric, Drayton Far Eastern Trust, Prestige Group, Sterling Trust.

FUTURE DATES

Interims—	
Ariel Industries	Feb. 15
Christie-Tyler	Feb. 9
Mining Supplies	Feb. 8
Press Tools	Feb. 15
Ransom (William)	Feb. 9
Telefusion	Feb. 24
Unitech	Feb. 7
Walshams	Feb. 3
Western Canada Investment Trust	Feb. 13
Finals—	
Allied Insulators	Feb. 23
Barclays Bank	Feb. 21
Crest Nicholson	Feb. 14
Delyn	Feb. 3
Madame Tussaud's	Feb. 3
Scottish United Investors	Feb. 8
Tribune Investment Trust	Feb. 9
Vereeniging Refractories	Feb. 14

† Amended.

Reed fall in third quarter

WITH THE overseas contribution showing a marked decline, and despite a substantial drop in interest charges, profits of Reed International for the quarter ended December 31, 1977, fell by £1m. to £18.9m.

For the nine months, the profit shows a £4m. improvement to £58.3m. The overseas content has declined by £4.5m.

When reporting at the halfway stage the directors stressed that increasing losses in Canada would have a greater impact on the second half results.

For the quarter earnings are shown at 3.6p per £1 share, against 5p, and for the nine months they are down from 18.5p to 14.7p.

	Nine months 1977 £m.	1976 £m.
Sales	1,297.5	1,061.7
U.K. and exports	651.8	557.0
Overseas	553.5	490.7
Operating profit	86.4	98.7
U.K.	52.4	42.2
Overseas	34.0	56.5
Interest paid	26.1	28.4
Profit before tax	58.3	54.3
Taxation	35.9	29.7
U.K.	20.1	14.5
Overseas	15.8	15.2
Net profit	22.4	24.6
Minority interests	4.0	4.9
Profit attributable	18.4	19.7

See Lex

CGSB gets off to a good start

Stating that he looks forward to good results for the current year, Mr. Eric C. S. Buist, chairman of motor engineers and distributors C.G.S.B. Holdings, tells members in his annual statement that the year has started well for the subsidiary company Paynter and Stadium. Profits are well in excess of the corresponding period and this leads to reasonable confidence of another profitable year.

In addition he reports another subsidiary, Kellett and Pick, has also made satisfactory progress towards a profitable year's trading.

As already reported, pre-tax profits for the year to September 30, 1977, advanced from £184,000 to £325,047, on turnover ahead from £11.26m. to £13.7m.

Mr. Buist points out that 48 per cent. of this profit came from activities other than those concerned with cars and light vans.

The contribution of Buist Motors was slightly better than the previous year. Due to property revaluation in 1976 a higher rent had to be paid and also higher insurance premiums. Furthermore, the period covered a time when interest rates were at an historically high level. Taking these factors into account, Mr. Buist considers the result to be "not unsatisfactory."

The value of the group's properties was professionally updated as at September 30, 1977. This resulted in an approximate average increase in value of 6 per cent. However, it is not proposed that there should be any increase in rent charged to subsidiaries for the current year.

It has been decided that all the group's employees be contracted into the new State Pension Plan, and the group's own non-contributory plan is to be made up. The present life cover for death in service will continue and be paid for by the company. In addition a voluntary and selective pension plan plus a cash benefit plan on retirement is being investigated.

The AGM of the company will be held in Newcastle-upon-Tyne on February 24 at 2.30 p.m.

Burmah plan for small holders

Burmah Oil has decided to help ...holders of £50 or less of the ...per cent. unsecured Loan stock ...8-81, 7½ per cent. unsecured ...an stock 1981-86, and 8½ per ...nt. unsecured Loan stock 1991-96 who wish to realise their ...dings.

This will be done by arranging ...their holdings to be aggre... ...ed and sold in the market as ...e or more large blocks. Burmah ...also concerned about the high ...ministration costs to itself ...sing from these holdings.

The company is prepared to pay ...Stock Exchange costs of dis... ...al but not Capital Gains or ...pital Transfer Tax.

A number of very small hold... ...s of these stocks have resulted ...m acquisitions made by the ...mpany when Loan stock was ...ued as part of the considera... ...n. The company is aware that ...ch holdings are very often un... ...ractive to the holders, as the ...erest received is negligible, but ...cognises that the costs of ...sposal would be dispropor... ...nately high in relation to the ...t proceeds.

The letter and transfer forms ...ve been dispatched and those ...o wish to take advantage are ...quired to return the forms ...mpleted by not later than ...bruary 28.

The Board stresses that there ...no obligation on stockholders ...take advantage of the arrangement. If they do not wish to sell they are asked to disregard the letter.

Comm. Bank of Wales peak £0.65m.

Pre-tax profit for 1977 of Commercial Bank of Wales rose by 15 per cent. from £565,000 to a record £648,000 and the directors say that 1978 should see a significant further improvement in profitability of the group.

Customer accounts in all categories increased by 37 per cent. and the volume of clearing business transacted almost doubled. Savings and Deposit accounts continue to grow, the directors state, and the total of deposits held by the group at the end of the year exceeded £13m.

The group's overseas banking subsidiaries in Jersey and the Isle of Man have both had satisfactory years when regard is had for the many and frequent movements in interest rates, the directors add. Commercial Bank of Wales (Jersey) now offers a full banking service.

Turnover and profit of Forthright Finance increased substantially during 1977 with by far the best results to date, at a time when competition for instalment finance business was especially fierce, they say.

It is expected that the group will continue its progress during 1978 in all aspects of its business.

Trading profit was up from £1.96m. to £2.06m. and the net profit emerged as £362,000 against £304,000 after tax £286,000 (£239,000).

There will be an AGM at Cardiff on March 3.

Bertrams loss jumps to £239,640

Paper and board machinery manufacturers, Bertrams, reports a pre-tax loss for the year to October 2, 1977, more than doubled from £112,845 to £239,640. At midway the deficit had been cut from £114,000 to £90,300.

Turnover for the year totalled £2.05m. (£1.95m.) and the tax credit was £73,667 (£40,841). There was an extraordinary debit of £14,509 (nil).

Again there is no dividend. The last payment was a total 1.83p net in respect of 1974/75.

Hales Props. sees advance

Mr. R. J. Hales, the chairman of Hales Properties, says in his interim statement, that during the six months to September 30, 1977, sales started at the new development in Castle Bromwich. Demand has continued to be satisfactory and results, he feels, for the full 1977-78 year will reflect an improvement over the £182,412 last year.

However, shareholders should not anticipate that the second half of the current year will show an increase equal to the 36 per cent. improvement in pre-tax profit achieved for the first half, he adds.

As reported on January 28, taxable earnings for the September 30 six months rose from £84,098 to £131,411 on sales up from £112,425 to £413,314. Net interim dividend is increased to 0.8p (0.73p).

Sterling Credit ahead

With income unchanged at £1.07m., taxable profit of Sterling Credit Group advanced £15,000 to £135,000 for the six months to September 30, 1977.

The interim dividend is stepped up from 0.66p to 0.7372p net per 10p share—the previous year's final was 1.1334p paid from £287,000 profit.

First half profit was struck after expenses of £918,000 (£926,000), but before tax of £21,000 (same), which is ACT written off as it will not be recovered in the next two years.

CONTRACTS AND TENDERS

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

INVITATION TO TENDER

The Government of The People's Democratic Republic of Yemen (PDRY) expects to enter into a loan Agreement with the Kuwait Fund for Arab Economic Development in participation towards the cost of construction of Riyan Airport near the City of Mukalla.

Qualified International Contractors are invited to bid for the construction of the Airport.

Tender Documents can be obtained as of 1st of February, 1978 against a non-refundable charge of U.S.$300 (U.S. Dollars Three Hundred) from:

Civil Aviation Department,
Ministry of Communications,
Aden P.D.R.Y.

or from: Dar Al-Handasah Consultants, (Shair & Partners),

in London: 91 New Cavendish Street, London W1M 7FS, England.

in Beirut: Verdun Street, Dar Al-Handasah Bldg., P.O. Box 7159, Beirut, Lebanon.

Tender Documents should be simultaneously returned duly completed to The Secretary, Central Tenders Board, Ministry of Finance, Aden, P.D.R.Y. on/or before April 15, 1978 and as instructed in the Tender Documents.

GHANA SUPPLY COMMISSION TENDER EQUIPMENT FOR UPPER REGION AGRICULTURAL DEVELOPMENT PROGRAMME

Ghana Supply Commission invites tenders from U.K. manufacturers and *suppliers for the supply of the following* items, which should be wholly produced or manufactured in the United Kingdom: and payment of which shall be made through the U.K./Ghana Loan.

1. Maize Shellers
2. *Mobile Maize Shellers*
3. Threshers
4. Mobile Threshers
5. Single Row Seeders
6. Seed Dibblers
7. Seed Cleaners
8. Seed Treaters
9. Groundnut Lifters
10. *Groundnut Threshers*
11. Ridgers

Interested manufacturers, suppliers, etc., may obtain a set of tender documents for a non-refundable fee of £75.000 (seventy-five pounds only) from the Ag. Purchasing Liaison Officer, Office of the Ghana Supply Commission, 58-59, Berners Street, London W1P 3AF, from the 24th January, 1978.

Tenders duly completed and bearing Ghana Supply Commission Ref. URADEP 0005, should be addressed to the Managing Director to reach the *Commission not later than 3.00 p.m.* on 14th March, 1978, or deposited into the Tender Box not later than 3.00 p.m. on the above date.

LEGAL NOTICES

No. 00122 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HAMILTON CRUISE CLOTHES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-*named Company by the High Court of* Justice was on the 12th day of January 1978, presented to the said Court by LES TISSAGES ROANNAIS, whose registered office is situate at 10, Rue Emile-Noirot, 42300 Roanne, Cedex, France, a company incorporated under the laws of France, Clothing Manufacturers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 13th day of February 1978, and any creditor or contributory of the said *Company desirous to support or oppose* the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that *purpose* and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CAMPBELL HOOPER & AUSTIN WRIGHT,
15 Jermyn Street,
London, SW1Y 6LT
Ref: CSJ/DSHW Tel: 01-734 7471.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a *firm the name and address of the firm and* must be signed by the person or firm, or his or their solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 10th day of February 1978.

EDUCATIONAL

BIDS AND DEALS

H & C offer for Harcros goes unconditional

Harrisons and Crosfield's controversial offer for Harcros Investment Trust has gone unconditional and the Rothschild consortium, which was opposing the offer, is no longer prepared to buy Harcros shares for 90p cash.

Harrisons and Crosfield and its subsidiaries owned 19.7 per cent. *of Harcros before the bid was* announced and bought another 12.4 per cent. Persons acting in *concert*, which have not yet accepted the offer, own another 4.7 per cent., and acceptances amount to 13.9 per cent. so far. The total of 50.7 per cent. means that H. and C. is obliged by the Takeover Code to declare the offer *unconditional*.

Rothschild Investment Trust has tacitly admitted defeat in trying *to block the takeover*, by announcing yesterday that it intends to accept H. and C.'s share offer. The shares might well be kept as an investment.

A spokesman for Rothschild Investment Trust said yesterday that he did not regard the consortium's blocking tactics as a complete failure. The average price paid per share for Harcros *was only 78p. And they had successfully* drawn attention to the real value of Harcros and its investments in H. and C. related companies. The stock market valuation of these companies had risen as a *result* and he hoped *this would be reflected* in any later rationalisation of the H. and C. empire.

However, he did concede that the defeat over Harcros would make the consortium bid for London Sumatra more difficult. Rothschild believes that *Harcros* owns 10.5 per cent. of London Sumatra which will now be added to the 21.2 per cent. already thought to be in H. and C.'s hands. Another important stake of 11.4 per cent. in London Sumatra is *held by Harrisons Malaysian* Estates which is 20 per cent. owned by the H. and C. group.

The RIT spokesman said that the e-igin of the intervention in Harcros had been to help defend its stake in London Sumatra. A RIT consortium is *going to make* a 110p per share offer for London Sumatra, and this is now simplified by the resolution of the Harcros conflict. He was waiting "with bated breath" for the recommendation or otherwise by *the Board of London Sumatra and* its advisers.

Shares of Harcros fell 9p yesterday to 82p, the amount of H. and C.'s cash offer, while London Sumatra shares fell 11p to 112p.

Updown Investment Ordinary shares at 58p on January 27 for the accounts of their investment clients.

Cazenove and Co., associates of Harrisons and Crosfield, announce *that on January 30 they purchased* 5,000 Harrisons and Crosfield Ordinary shares at 341p on behalf of an associate of Cazenove.

YOUNG AUSTEN AND TRAFALGAR

Trafalgar House, the property, shipping and publishing group, has bought a further block of 2,500 shares in Young, Austen and Young, at a price of 67p a share, which raises the Trafalgar holding to just over 30 per cent. and thus triggers off a full bid on the same terms under the Take-Over Code.

The news, which was countered by a Young, Austen statement advising shareholders to ignore any documents from Trafalgar, sparked off a 16p jump in the share price of Young, Austen to 82p after 90p. Young, Austen is *therefore valued at £2.72m. at* 67p, but has a market capitalisation of £3.33m.

The Board of Young, Austen, which provides mechanical and other services for the heating, air conditioning and plumbing divisions of the building industry, has one Trafalgar representative, Mr. D. J. C. Berens already.

ASSOCIATES DEALS

N. M. Rothschild and Sons on Monday purchased the following Harcros Investment Trust Ordinary shares for the under-named *group of associates at 90p:* Rothschild Investment Trust 125,000, Sipef SA 41,667, McLeod Russel 82,500, Hume Holdings 20,833. Following this purchase the above-named group held 2,576,850 shares of Harcros, *equivalent to 13.58 per cent. of the* capital. The consortium bought further Harcros shares on Tuesday morning.

Laing and Cruickshank has sold 12,500 Talbex Group Ordinary shares at 21½p for an associate.

Cazenove purchased 20,000

NO GROUNDS FOR CASINO SALE RUMOUR

Rumours that Mayfair Casinos was planning to sell the Casanova Club to American interests were unsupported by evidence, a High *Court judge said to-day.*

Mr. Justice Templeman dismissed an application by Pleasurama for an injunction restraining Mayfair Casinos and some of its directors from selling the club without holding a proper Board *meeting.*

A temporary order banning any sale—granted to Pleasurama last Friday—expired yesterday.

Mayfair Casinos is owned 25 per cent. by Pleasurama and 75 per cent. by Chippa, both of whom *nominated directors to the Mayfair* Board.

The judge said the case was the result of "bad blood" between Chippa and Pleasurama following a High Court action in which it was held that Chippa was bound to buy Pleasurama's 25 per cent. holding for $1,162,000. The judgment was now under appeal. Rumours of a sale reached Pleasurama, but they were never *put* to Mr. Alfred Barnett, a director of Mayfair Casinos and *controlling shareholder of Chippa.*

"All I have are rumours," said the judge.

There was no evidence that Pleasurama had grounds for genuine fear that the Casanova Club would be sold in breach of the law and in breach of the shareholders' agreement between Chippa and Pleasurama.

TOWN & CITY COMPLETES

Final negotiations on the sale of Berkeley Square House in London's West End for £37.5m. *to the British Rail Pension Fund* and the Airways Joint Pension Fund have been concluded.

Town and City Properties, which acquired the 300,000 square feet office block when it purchased Central and District Pro*perties in 1973, announced yester*day that the Prudential Assurance, the head leaseholder, and T and C had sold their freehold and leasehold interests to the two pension funds.

The sale forms part of the T and C *disposals* programme which has realised over £240m. over the past three and a half *years. Under the sale, the* Prudential takes about £21m. of the proceeds, with T and C receiving the remaining £16.55m. in cash, providing the company with an exit yield of 7.3 per cent. of its current rental income. T and C *said yesterday that the book* value of its interest in Berkeley Square House was £9.3m.

BRITISH LAND

British Land has agreed to *acquire from a group of institu*tional investors in Property Investment and Finance 300,000 Ordinary shares (approximately 6.8 per cent.) in exchange for 780,000 Ordinary shares in British Land.

This acquisition will increase the British Land notifiable interest in Property Investments and *Finance to 800,000 Ordinary shares* (approximately 18.3 per cent.).

W. GOODKIND

Paul E. Schweder Miller and Co., acting on behalf of the Credit Lyonais London Nominees and Gilbray Holdings have acquired on behalf of the Credit Lyonais London nominees 214,000 shares *in W. Goodkind and Sons (repre*senting 21.4 per cent.) from Gilbray Holdings. These shares to be held as an investment.

FED. CHEMICALS

The official offer document for the agreed share bid for Federated Chemical Holdings by Dalgety has been sent to shareholders. It *contains a warning that Feder*ated's *pre-tax profits for 1977*, still to be announced, are expected to be substantially lower than in *1976.*

The group said that its trading and manufacturing activities had *operated* in unfavourable economic circumstances last year, while pressures on prices had intensified. A weakened Canadian dollar had resulted in exchange losses. In addition, Tioxide is expected to make a reduced contribution to *consolidated profits.*

The terms of the offer are 33 Dalgety shares for every 100 *Federated shares, currently worth* 74p a share.

FISONS BUYING BRAZILIAN INTEREST

Fisons has completed negotiations with William Pearson (Holdings) for the purchase of its investment in Pearson SA Brazil. Consideration will be determined over a five-year period but at *current exchange rates* this approximates to U.S.$500,000 between the Brazilian subsidiaries involved. In addition Fisons will allot 36,800 Ordinary shares.

Pearsons has traded in Brazil for most of this century and Pear*sons SA was established* in the early 1940s, engaged initially in the manufacture and sale of disinfectant products for agriculture, veterinary and domestic use throughout Brazil.

The company has its *manufacturing and administrative* head office in Rio de Janeiro. *Estimated sales for 1977 are U.S.$3m.*

CDF STEPS UP STAKE IN BELHAVEN

Commonwealth Development Finance has exercised its option on a *further 500,000 shares in* Belhaven Brewery Group bringing to a total of 1m. the shares sub*scribed for during January*. All these have been placed with institutional holders at 37p per share.

The total capital of Belhaven is now 7,225,000 shares. Major shareholders are: J. Lyons—19.1 *per cent. (last year 25.1 per cent.)* and Belhaven now ceases to be an associated company of Lyons; Scottish Amicable Life Assurance —3.3 per cent. (last year 7.1 per cent.).

Allied Breweries retains the *option under convertible loan to* subscribe for approximately 9 per cent. of newly increased equity capital.

COMET SPELLS OUT BENEFITS

Comet Radiovision has sent a strongly worded offer document *to shareholders of Henry Wigfall.*

The chairman of Comet, Mr. Michael Hollingbery, says in his letter, "Comet does not believe that Wigfall's assets are being put to proper use either in your interests or in those of the consumer." And he goes on to comment that Comet traded profitably at a time when Wigfall was *making a loss. Wigfall attributed* its loss to difficult trading conditions but, says Mr. Hollingbery, the profits of Comet show "the trading climate was not so bad after all."

Comet believes that the applica*tion of its skills and techniques* will generate substantial increases in Wigfall's turnover. Rationalisation could result in some redundancies but these would be handled "sympathetically."

The directors of Comet confirm *an earlier forecast that the com*pany will increase profits substantially for the year ending *September 2, 1978. And in the* absence of dividend limitation, they intend to double the dividend rate to 7.1p gross.

The document shows that Comet bought 120,000 Wigfall shares between December 23 and *January 10 at 147p to 149p per* share. But then sold 35,000 shares between January 13 and 16 at 155p to 161p.

RICHARDSONS WESTGARTH

Richardsons Westgarth has acquired for £401,380, the capital of Gardiner Barugh and Jones, steel stockholders located at Hull.

The consideration has been met by £300,035 cash and the issue of *£101,345 11 per cent. unsecured* Loan notes 1983-85.

BASSETT EXTENDS

Agreement has been reached for Geo. Bassett Holdings to acquire *the Remus Toy and Play* Kits business from Mars, with effect from February 1 at a cost of approximately £425,000 cash.

This is a further move into the hobby and toy market by the group and follows the recent acquisition of A. A. Hales.

T. & N. joint venture in Spain

Turner and Newall is taking a 50 per cent. equity stake in a new company, Flexitallic Iberica, which will manufacture industrial gaskets in Spain. Its partners will be Snrs. C. Parro and F. Perez, the owners of SIDSA, who *currently distribute* in Spain Flexitallic gaskets manufactured in the U.K.

T. and N's. interest will be managed by Engineering Components, its subsidiary responsible for Flexitallic operations world-wide.

The move has been prompted by the belief that industrialisation will substantially increase the Spanish market for industrial gaskets over the next ten years. *Plans to increase oil refining and* petrochemical capacity, the two major markets for Flexitallic gaskets, are at an advanced stage.

AIRCO LOOKING FOR RIVAL TO BOC

NEW YORK, Jan. 31.

Airco has enlisted the aid of one of New York's leading investment banks, Salomon Brothers, in its search for a company willing to launch a takeover bid to block BOC International's attempts to *increase its control of the company.*

Underlining its continued resistance to BOC, Airco repeated that it is still considering taking legal action against BOC. Although Airco refused to en*large on what legal action it* might take, it seems likely that the company will be looking at *ways of holding up the transfer* to BOC of the 1.8m. shares BOC believes it has acquired through *its recent tender offer.*

The transfer of those shares to BOC would increase BOC's stake in Airco from 34 per cent. to 49 per cent. and put the company in a virtually impregnable position in a contested bid situation. For at such a point, BOC would *no longer be bound by its agree*ments with Airco restricting its freedom to increase its shareholding.

Most Wall Street observers believe that, even without a 49 per cent. holding in BOC's hands, the *current 34 per cent.* stake which BOC has will make it difficult for Airco to find a suitor will*ing to challenge BOC for control* of Airco.

ASSOCD. PLASTICS

Associated Plastics Group has purchased the entire capital of British Organ Blowing Company *of Derby.*

APG is changing its name to Durafan Group and the plastic fan *factory at Bolton will trade as* Durafan.

W. OF ENGLAND

In exchange for 695,916 Ordinary shares, West of England Trust has completed the acquisition of the capital of Burford Properties, a private investment company with net assets at October 31, 1977 of £248,790.

SHARE STAKES

Alpine Holdings—10,000 shares have been purchased on behalf of family interest of Mr. H. H. Singer. As a result Mr. Singer's holding in the company (including family interests) is 1,027,916 10.28 per cent.

British Dredging—Wm. Adams and Company (Newport) has acquired a further 55,000 Ordinary shares bringing total interest to 700,000 (6.24 per cent.).

James Finlay—Arbuthnot Preference Share Fund holds £50,000 4.2 per cent. First Preference Stock 10 per cent. Arbuthnot Extra Income Fund holds £25,000 First Preference Stock 5 per cent. and Arbuthnot High Income Fund holds £25,000 First Preference Stock 5 per cent.

Lesney Products — National *Farmers Union Mutual Insurance* Society announces a disposal by its subsidiary, Avon Insurance of 24,000 restricted voting shares has reduced total holding to 175,000 shares (8.75 per cent.) of that class 95,000 held by NFU and 80,000 by Avon.

Flexello Castors and Wheels—Mr. M. Menko sold 20,000 shares at 48p on January 24 and 20,000 shares at 47p on January 25, and now holds 662,211 Ordinary shares *(20 per cent.) Britannic Assurance* purchased 25,000 shares on January 24 and 20,000 shares on January 25. Britannic now holds 400,000 shares (12.08 per cent.).

Hall Engineering (Holdings)—Marchwiel Holdings has acquired a further 70,000 Ordinary shares bringing total interest to 871,999 shares, an interest in excess of 7 per cent.

AG Stanley Holdings—Throgmorton Trust has disposed of 70,000 Ordinary shares thereby reducing holding to 219,675 shares (4.64 per cent.).

Prince of Wales Hotels—Broderick Investments has disposed of entire interest in the company 70,500 shares.

Myddleton Hotels—*Notification* reported on January 28, that Tyndalls has increased its holding to 75,000 *shares (3.06 per cent.)* was incorrect and should be withdrawn.

Antofagasta (Chile) and Bolivia Railway: Brierley Investments holds 735,000 *Ordinary and* 378,000 Preference shares.

Warne Wright and Rowland: Throgmorton Trust holds 633,250 *shares (6.16 per cent.).*

Elbar Industrial: Following the recent rights issue, Gresham House Estate *now holds 199,999* shares (6.12 per cent.).

Chamberlain Phipps: Mr. B. H. Chamberlain has disposed of 25,000 Ordinary shares, reducing his interest to 242,051 shares.

Canadian and Foreign Invest*ment Trust:* *London and Man*chester Assurance Company, together with its subsidiaries, hold a total of 340,000 Ordinary shares (5.08 per cent.).

J. Jarvis and Sons: Percy Bilton has disposed of 10,000 Ordinary shares and now holds 7.65 per cent. of that class.

Trafalgar House: Kuwait Investment Office *has acquired a* further 122,000 Ordinary shares and now holds 9,122,000 shares (5.71 per cent.).

Needlers: On his appointment to the Board on August 1, 1977, Mr. N. R. Glassford held 5,350 *Ordinary shares. Subsequently he* has acquired 20,000 Ordinary and 2,750 Preference shares.

Campari: Directors have sold to institutions 70,000 non-beneficial Ordinary shares and 30,000 beneficial Ordinary shares at 131p. Sale made up as follows: H. H. Lipton 30,000 beneficial, H. H. Lipton 26,000 non-beneficial, G. K. Benscher 44,000 non-beneficial, R. Black 46,000 non-beneficial, M. A. Saideman 26,000 non-beneficial. The total *non-beneficial* disposal represents 70,000 shares, duplication arising by reason of joint interest in settled shares.

Frank G. Gates: Mr. C. D. Hughes disposed of 270,000 shares between December 8, 1977, and *January 6, 1978, and now holds* 238,000 shares, less than 5 per cent.

MINING NEWS

Still pressing on in Canada

BY KENNETH MARSTON, MINING EDITOR

DESPITE low prices for base-metals and a none too helpful attitude on the part of governmental authorities, the news from Canada's mines is not all gloom. *In his latest round-up our man in* Toronto, John Soganich, starts with the news that Kaiser Resources, the south-eastern British Columbia coal producer, has raised its 1977 net income to $C57.3m. (£26.6m.) from $C52.4m. in 1976.

Sales rose in value to $C299m. from $C262.9m. while shipments of metallurgical coal increased to 4.88m. tons from 4.53m. tons. Most of this coal went to Japan, *but exports to other markets* were usefully higher at 696,000 tons against 493,000 tons.

In the Yukon the big lead-zinc producing Cyprus Anvil Mining has made a net profit of $C4.9m. for 1977 following a loss of $C1.5m. in the previous year. In the latter period labour strikes at the mine and mill resulted in *shut-downs for more than half* the operating time.

In addition to its open-pit mining operations—the concentrator has a capacity of 10,000 tons per day—the company is active in base-metal and coal *exploration in Western Canada.* Cyprus Anvil is 63 per cent. owned by the U.S. Cyprus Mines of Los Angeles.

A 34th royalty distribution of 13 cents per unit is being made by Iron Bay Trust, Canada's "rent-a-mine" *organisation which paid out a total of 51.33 cents in* distributions last year. The trust has an 80 per cent. interest in an iron ore property (Calmor Iron Bay Mines has the remaining 20 per cent.) in north-western *Ontario which is leased and* operated as the Griffith Mine by the Steel Company of Canada.

The trust receives royalties on the iron ore pellets produced. A recent development is that the trust's income qualifies for the resource allowance of 25 per cent. of royalty revenue. The effect of this is to exclude from *taxable income 25 per cent. of* the amounts paid to holders of the Iron Bay units.

Regarding the recent acquisition by the Anglo American Corporation group's Hudson Bay Mining and Smelting of a lead-zinc prospect near *Reed Lake in* Manitoba, Soganich points out that this is far more than a raw *prospect*. The property contains the Spruce Point copper-zinc deposit together with several other indications of economic mineralisation which have not been fully tested.

Hudbay's exploration arm *estimates the Spruce Point* deposit at 500,000 tons assaying 3.8 per cent. copper and 4.5 per cent. zinc per ton. Substantial expenditure will be needed to investigate the potential of the deposit from underground. As already reported, Hudbay has passed its latest quarterly dividend owing to the depressed *markets* for base-metals and fertilisers.

Finally, Robert Gibbens reports from *Montreal that the Quebec* Resources department has been authorised to sign a $Can.280,000 *contract* with the SNC Montreal Engineering group, to study the feasibility of a $Can.200m. soda ash production project in the Port Daniel area of the Gaspe Peninsula, about 800 miles north-east of Montreal.

Soda ash is used mainly in the glass and paper industries and in chemical products. The salt raw material would be shipped in from a new salt mine planned for the Magdalen Islands in the *Gulf of St. Lawrence*. Coal would come from new mines being developed in Nova Scotia and limestone from new quarries planned for the Gaspe. The project is envisaged for the first half of the 1980s.

Allied Chemical Canada is the main producer of soda ash in Canada with capacity of about *400,000 tons yearly at Amherst*burg, Ontario. An official of Allied says there are doubts about the return on investment available from the Gaspe project as described by the Quebec Government. Government sources *say production of 350,000 tons a* year is projected mainly for export to the U.S., but Allied Chemical sources say it would be extremely difficult for a new Gaspe plant to compete with plants built recently in Wyoming.

FRENCH SURVEY VENEZUELA

The state-owned French organisation, Bureau de Recherches Géologiques et Minières (BRGM), is to help make an inventory and eventually explore some of Venezuela's non-energy mineral resources.

This is the outcome of an agreement BRGM has signed with the Ministry of Energy and Mines in Caracas. BRGM will also act as a consultant to the Ministry on geological projects and provide technical assistance.

The agreement is linked to *Venezuela's development plans*, which seek to reduce the dependence of the country on oil revenue, and follows a looser co-operation agreement signed between the Government in Caracas and the U.K.

The Venezuelan mining industry is largely confined to iron ore which represented 93 per cent. of *the total value of production* in 1976. Small quantities of diamonds, coal and gold are produced. However, non-ferrous metal deposits have been outlined. Banxite has been discovered and last year an evaluation of titanium reserves was planned.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 6½ per cent. (since January 6, 1978)

Sentiment over the last day or so in the London money market has suggested that Bank of England Minimum Lending Rate *is unlikely to fall in the near* future, and this has tended to make discount houses very willing to sell as many Treasury bills as possible to relieve any day-to-day shortage of money.

Funds were in short supply yesterday, but the authorities only gave assistance by lending a large amount overnight to six or seven houses, at Minimum Lending Rate of 6½ per cent. Discount houses buying rates for *three-month* Treasury bills were slightly firmer, taking rates further above the trigger point for a cut in MLR.

The amount of help was probably overdone, and banks may be expected to bring forward surplus balances.

Fairly large Government disbursements exceeded revenue payments to the Exchequer yesterday, but this was outweighed by run-down balances carried over by the banks, a fairly large net take-up of Treasury bills, and a rise in the note circulation.

Discount houses paid around 6-6¼ per cent. for secured call loans in the early part, and closing balances were taken at 5½-6 per cent.

In the interbank market over*night loans opened at 6¼-6⅝* per cent. and fell to 5½-5¾ per cent., before closing at 6¼-6½ per cent.

Rates in the table below are nominal in some cases.

Jan. 31 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5½-6⅝	—	—	—	6¾	5½-6½	—	—	—
2 days notice	—	—	6⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	6¼-6⅝	6⅛	—	6½-6¾	6¾-6⅞	6-6¼	—	—	—
One month	6⅛-6¼	6⅜-6½	6¼-6⅛	6⅝-6⅞	6½-6¾	6¾	6	5⅞	6⅞	6¾
Two months	6⅜-6¼	6⅜-6½	—	6½-6⅞	6½-6¾	—	6	5⅞	6¾	6⅝-6¾
Three months	6⅛-6¼	6⅝-6⅝	6⅝	6½-6⅞	6½-6¾	6¾	6	5⅞-5⅞	6⅛-6⅛	6½-6¾
Six months	6⅝-6½	6¾-6½	6½-6¾	6¾-6⅞	6⅞-7¼	—	—	—	6¼-6⅝	6½-6¾
Nine months	6⅞-6⅞	7-7¼	—	7⅜-7⅛	7½	—	—	—	—	—
One year	7⅛-7⅛	7¼-7½	7⅝	7½-7¼	7¾	—	—	—	—	—
Two years	—	—	8½-8⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years 9¼-9⅝ per cent.; four years 10¼-10⅝ per cent.; five years 10⅝-10⅞ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 6⅛-6¼ per cent.; four-month trade bills 6¾-6⅞ per cent.

Approximate selling rate for one-month Treasury bills 5⅞ per cent.; two-month 5²⁹⁄₃₂-5²³⁄₃₂ per cent.; and three-month 5²⁵⁄₃₂-5¹³⁄₁₆ per cent. Approximate selling rate for one-month bank bills 6¹⁄₁₆ per cent.; two-month 6-6¹⁄₃₂ per cent.; and three-month 6 per cent. One-month trade bills 6⅞ per cent., two-month 6⅞-6⅞ per cent.; and also three-month 6¾-6⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association): 7 per cent. from February 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Rates for lending 6½ per cent. Treasury Bills: Average tender rates of discount 5.7690 per cent.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

New disclosures from McDermott on payments

BY STEWART FLEMING

NEW YORK, Jan. 31

RAY McDERMOTT, a leading ...shore oil equipment manufac...rer, has disclosed that it made ...yments of $780,000 to Mr. ...hael V. McCollum, vice-chair...an of Tenneco, between 1965 ...d 1974, according to a report ... the Wall Street Journal. The ...w disclosures, in filings with ...e U.S. Securities and Exchange ...mmission by McDermott, indi...te that the transactions were ... much larger sums and for ...onger period of time than had ...eviously been reported.

Last September, Tenneco filed ...lawsuit against Mr. McCollum ...o was dismissed in April 1976, ...eking to recover $1m. and ...arging him with taking commercial bribes from McDermott officials.

The Tenneco suit alleged that Mr. McCollum had taken $509,000 in commercial bribes by causing "Tenneco Oil to enter into several exhorbitantly priced cost plus contracts with McDermott."

The Tenneco suit alleged that Mr. McCollum conspired with Mr. Roger Wilson, a former McDermott chief executive officer who is now dead. It also alleged that Mr. Wilson told his successor at McDermott, Mr. Charles L. Graves, of his arrangement and that the conspiracy continued after Mr. Wilson's death in 1971.

McDermott itself has said that it will defend itself and its officials against the Tenneco suit. Early last year an internal investigation by McDermott's Audit Committee disputed the contention that McDermott executives had bribed Mr. McCollum and speculated that Mr. McCollum may have forwarded the moneys to other unidentified people for other purposes.

McDermott's filings also disclose that the company made a payment of $750,000 to Tenneco in December in settlement of the civil charges Tenneco filed against McDermott.

AMC announces labour cutbacks

BY JOHN WYLES

NEW YORK, Jan. 31.

AMERICAN MOTORS (AMC) has ...en forced by the continuing ...de in its passenger car sales ... lay off 1,200 hourly paid ...rkers at its Wisconsin manu...turing plants.

At the same time, Chrysler ...rporation, Detroit's number ...ee car maker, is reported to ... planning lay offs and cuts in ... production rate of two of its ...oblem models, the Aspen and ... Volare.

Both companies have shut ...wn some productions on a num...r of occasions since last ...tober to prevent excessive ...ckpiling but the resort to per...ment layoffs of workers points to more serious problems of dwindling market share. Despite reports that the American car market has gone soft, the fact of the matter is that sales of domestically produced cars and of imports in December was in line with the average sales rate for all of last year.

Thus the problems of AMC and Chrysler cannot be blamed on a general weakening of the market but are more due to consumer preference for other companies' products, in particular for imports. AMC's market share has fallen from 2.9 per cent. in 1976 to less than 2 per cent, while Chrysler's 11 per cent. of domestically produced car sales in December was the lowest for any month since September, 1962.

AMC's labour cutbacks are a result of its decision to reduce the daily production of its Matador and Pacer models from 380 to 170 units. Chrysler is reported to be considering layproduce not only the Volare and the Aspen but also the Lebaron and the Diplomat.

Chrysler dealers are understood to be holding stocks sufficient for 122 selling days and AMC's for 114. Generally, the industry aims for an average stock level of 175 selling days.

Setback at Merrill Lynch

NEW YORK, Jan. 31.

MERRILL LYNCH and Co. ...nounced net earnings for 1977 ... $1.25 a share against 3.01 ...eviously. Total net earnings ... 52 weeks to December 30 last ...re $48.9m. against $106.6m. for ... 53 weeks to December 31, ...76. Revenue was $1.1bn. ...ainst $1.1bn.

For the 13 weeks ended ...cember 30, 1977, net earnings ...re $7.9m. or 22 cents a share ...ainst $28.3m. or 74 cents for ... week period in the year ...ore. Revenues $304.5m. ...ainst $302.6m.

...encies

Kennecott down on year

BY OUR OWN CORRESPONDENT

BOOSTED by the sale of a molybdenite deposit in New Mexico for $5.7m. and interest income of $16.5m. relating to the sale of Peabody Coal, Kennecott Copper, the largest U.S. copper producer, reported a fourth quarter net profit of $11.7m. to-day.

Kennecott, which has been suffering from the recession in the copper industry, disclosed that for the year it earned a profit of $7.5m or 22 cents a share compared with $8.8m. (27 cents a share) in 1976.

Sales revenues were $925m. compared with $956m. in 1976. The company said that it was maintaining its 60 cents a share dividend which some analysts had feared might be in danger of being reduced as a result of the depressed profitability.

Kennecott, which is still losing money on its copper operations in spite of a cost-cutting drive which has eliminated over 10,000 jobs at the company, said that demand for copper improved in the fourth quarter even though customers were continuing to draw down their stocks of copper. It added that although prices for copper began to improve in November they began to decline again in early January.

Peak in cash dividends

By Our Own Correspondent

NEW YORK, Jan. 31.

COMPANIES listed on the New York Stock Exchange, the largest U.S. stock market, increased their cash dividends on common stock by a record 18.5 per cent. in 1977 to $36.27bn. This compares with the previous record of $30.61bn.

The Exchange said that the increase was the largest percentage rise in 27 years and the largest dollar increase on record. It added that the median yield on all dividend paying stocks last year was 4.5 per cent., up from 4 per cent. in 1976.

Of the 1,549 corporations with common stocks listed on the NYSE on December 31 1,134 companies declared higher dividends than the year before. Only 165 companies paid the same dividend as last year and 70 paid less or omitted the 1977 dividend.

Among the various categories of corporations, the largest percentage increase in dividends was registered by companies in the leather and shoe manufacturing business which paid $82m. in 1977, a rise of 44.5 per cent.

Aircraft companies, up 27.8 per cent., electronics and electricals up 27.5 per cent., furniture and office equipment up 26.5 per cent. and building up 22.9 per cent., also reported big dividend increases. In dollars the petroleum and natural gas sector paid the largest sums to its shareholders, amounting to $5.35bn.

None of the categories showed a decline in amounts paid. U.S. corporations have been increasing their dividend payments as a matter of policy. In part this reflects a recovery in earnings coupled with the big cash resources many companies have built up at a time when they have not been committing huge sums to expansion either through capital investment or through building high stocks.

In addition, however, companies have been conscious that some investors have been increasingly aware of the dividend yield of their Ordinary share investments, partly because of the attractions of the bond market's yields, but also because the weakness of share prices has cut back prospective capital gains.

AIRLINE DISCOUNTS

Doubts on earnings

BY JOHN WYLES IN NEW YORK

AS THEY contemplate their 1977 balance sheets, senior executives at America's 11 long haul trunk airlines may well be reflecting on the old adage about all that glitters not necessarily being gold. On the one hand, the airlines have turned in record aggregate net profits approaching $650m.; on the other, they did so during a year when discount fares became a prominent feature of the domestic air travel market.

Since close to 80 per cent. of their revenues come from domestic operations, there are keen anxieties within several airlines that discounting will erode the fragile profit recovery which for many began in 1976 when an aggregate net earnings of $343m. pushed up the average combined earnings for this decade to a meagre $70m. a year. The airlines are not at all certain where discounting may lead nor are they keen to say just how much of a contribution cut price fares made to their earnings.

However, most of the industry's analysts believe that the revenue lost on cut price tickets was more than made up in greater traffic volume which by the end of the year was 7 per cent. up on 1976. Nevertheless, the quality of the industry's earnings was not quite as good as the combined figure would suggest, for sales of older, less efficient, aircraft probably accounted for about $200m., while tax allowances, a retrospectively applied increase in Federal mail payments and a lower long-term debt burden, also made a substantial increase to net earnings. In addition, some airlines benefited from their diversified operations, for example, more than 60 per cent. of TWA's record gross profits come from its Hilton Hotels and food service subsidiaries while hotels and foreign exchange gains also contributed more than 17 per cent. to United's net earnings.

Whatever the source, higher profits are a welcome means of strengthening the industry's balance sheets after the extreme difficulties caused by falling traffic and sharply increased fuel costs which in 1974 raised questions about the future of Pan American and TWA's airline operations. Among other things, the industry's gearing is being reduced so that its debt equity ratio, which stood at 58/42 at the end of 1975, had improved to 45/55 by September 30, last year.

Such an improvement is manifestly important as the airlines look at their requirement for an estimated $60bn. of new aircraft by the end of the next decade. The airlines are well aware that higher profits are needed in order to finance this capital expenditure but are divided as to whether greater pricing freedom from Civil Aeronautics Board (CAB) regulation is needed to achieve this. Congressional support for greater deregulation and price competition became evident three years ago and has been an important factor in CAB decisions which first opened the way for more cut price charter operations on domestic routes, which in turn provided the stimulus for discounting on scheduled services.

American Airlines "super saver" fares from the east to the west coasts were the trail blazer last April and subsequent CAB approval for a wide range of cheap fares on other routes has already, it can be argued, introduced a significant measure of de facto regulatory reform.

Some recent airline results

	1977 $m.	1976 $m.	1975 $m.
TWA	64.8	[illegible]	(86.3)
Delta	116.6	79.4	(49.2)
United	92.9	19	(5.3)
Eastern	34.7	[illegible]	(49.7)
Pan Am	59.0 (Est.)	8.3	(46.1)

Figures in parentheses denote losses

Under its new chairman, Mr. Alfred Kahn, the CAB has put cheaper air travel at the very heart of its credo and stressed on December 12 that "the offer or the failure to offer low fares" would weigh heavily in its investigations into an airline's applications to open up new routes. However, there is some confidence that the CAB will strike to keep a balance and to discourage destructive competition." Mr. Kahn's past record as chairman of the New York State Public Services Commission shows him to be a rate of return man," says Mr. Robert Joadicke, airline analyst with Lehman Brother Kuhn Loeb.

The optimum aim of introducing discount tickets on any particular route is to fill empty seats while ensuring that as high a proportion as is possible are occupied by passengers paying the normal price. Thus, on most routes discount tickets are hedged about with certain restrictions which limit their availability. However, competition between the airlines has resulted in CAB approval for a fares structure which falls short of the ideal on certain routes such as New York—Miami and Chicago—Los Angeles and there is little evidence so far that the lower priced tickets which are more generally available are stimulating the increased traffic to offset the reduced revenue.

But some analysts like Mr. Joadicke believe discounting will establish air travel as a genuine mass transportation medium and that it will not only generate greater traffic but will also encourage more efficient operation of aircraft and, hence, greater profit yield per plane mile. He predicts combined profits of up to $700m. this year and foresees the coming of a shortage of capacity within the airline industry which is evidenced by the fact that many airlines are increasing the number of seats in their aircraft. He also cites the steady rise last year in second-hand aircraft prices and the fact that aircraft manufacturers' long order books will be an obstacle to any substantial increase in capacity until the early 1980s. Moreover, the 117 aircraft that the trunk airlines have on order will not add much new capacity since they must replace older less efficient jets that must be retired because they cannot meet Federal noise standards.

The more optimistic near-term future is bringing a revival of investor interest in airline stocks after more than five years in which the airlines have substantially underperformed the market.

Steel Co. of Canada holds steady

THE STEEL Company of Canada, Canada's largest, earned $C90.2m. or $C3.36 per share in 1977 against $C90.6m. or $C3.67 in 1976 on sales of $C1.4bn. against $C1.3bn. Fourth quarter earnings were $C1.02 a share against 85 cents.

Demand for steel was weak generally during the year. However substantial tonnages of semi-finished steel were sold enabling primary facilities to run efficiently. Shipments during the first half of 1978 should be good except in heavy construction and pipeline products. Outlook for the second half is less certain.

* * *

CANADIAN Industries Limited, Canadian arm of ICI in 1977 earned $C24.9m. or $C2.52 a share against $C24.4m. or $C2.47 in 1976. Sales were $C667m. against $C613m. Fourth quarter earnings were 47 cents against 46 cents.

MEDIUM TERM LOANS

Increasing importance of yen

By Francis Ghilès

BORROWERS ON the medium-term market are increasingly raising loans denominated in yen. The huge Japanese balance of payments surplus means that Japanese banks have plenty of excess liquidity to recycle. Furthermore borrowing in yen is cheaper at present than raising medium-term dollar funds. The attractiveness of borrowing in yen could be further enhanced if the long-term prime rate on yen is lowered later this month, but borrowing in yen remains more expensive than in the other two strong currencies, the DM and the Swiss franc.

Siderurgia Brasileira, the Brazilian state-controlled steel company, has just signed an agreement for a two-tranche loan of about $112m. One tranche, denominated in dollars, is for $50m. Maturity is eight years and the borrower is paying a spread of 2¼ per cent. over the inter-bank rate. The other tranche is denominated in yen and pays a margin of 0.7 per cent. over the long-term prime rate on yen (Y15bn.) which currently stands at 7.6 per cent. The borrower is thus paying much less on the yen tranche.

The Algerian state oil company, Sonatrach, is raising Y12.5bn. for seven years and paying a margin of 0.6 per cent. over the long term prime rate on yen. This is the first loan of this kind that Sonatrach has arranged. Lead manager is the Long Term Credit Bank of Japan.

The favourable margin offered to Sonatrach is probably due to the keenness of Japanese companies, and also banks, to get more closely involved with an important oil, and more especially natural gas, producer.

EUROBONDS

DM sector active

Financial Times Reporter

PRICES OF DM bonds moved a fraction higher in lively trading yesterday. The delayed DM200m. bullet bond for New Zealand should be announced later this week. Lead manager is Commerzbank, and the terms are expected to include a 5¾ per cent. coupon on an eight-year maturity. The DM80m. bond for the Finnish power company TVO was priced at 99½.

In the dollar sector, trading was quiet with prices unchanged.

Banque Nationale de Paris is launching a $75m. floating rate note carrying a four-year maturity. The coupon is ¼ per cent. above the half-way mark between the bid and offered Eurodollar inter-bank rate, and there is no minimum coupon. BNP is managing its own issue, as it did for a similar bond in January, 1977.

The sterling sector was active with good two-way trading.

U.S. QUARTERLIES

...IDAHE CORP.

Fourth Quarter	1977 $	1976 $
Revenue	59.2m.	—
Net profits	9.0m.	8.6m.
Net per share	1.09	0.82
Year		
Revenue	188.8m.	92.8m.
Net profits	26.7m.	11.6m.
Net per share	3.25	1.70

AMERADA HESS

Fourth Quarter	1977 $	1976 $
Revenue	1.2bn.	1.0bn.
Net profits	22.9m.	47.0m.
Net per share	0.56	1.19
Year		
Revenue	4.6bn.	3.9bn.
Net profits	179.0m.	153.0m.
Net per share	4.49	3.84

ARMSTRONG CORK

Fourth Quarter	1977 $	1976 $
Revenue	275.0m.	242.0m.
Net profits	3.7m.	7.2m.
Net per share	0.14	0.27
Year		
Revenue	1.0bn.	981.0m.
Net profits	40.4m.	52.3m.
Net per share	1.55	2.01

CONTINENTAL GROUP

Fourth Quarter	1977 $	1976 $
Revenue	863.0m.	825.0m.
Net profits	27.5m.	20.1m.
Net per share	0.72	0.68
Year		
Revenue	3.7bn.	3.5bn.
Net profits	143.9m.	118.3m.
Net per share	4.44	4.01

NATIONAL STEEL

Fourth Quarter	1977 $	1976 $
Revenue	758.0m.	644.0m.
Net profits	16.5m.	15.0m.
Net per share	0.85	0.79
Year		
Revenue	3.1bn.	2.8bn.
Net profits	60.0m.	85.7m.
Net per share	3.12	4.53

PHILLIPS PETROLEUM

Fourth Quarter	1977 $	1976 $
Revenue	1.7bn.	1.6bn.
Net profits	147.0m.	126.0m.
Net per share	0.98	0.82
Year		
Revenue	6.4bn.	5.8bn.
Net profits	516.0m.	411.7m.
Net per share	3.36	2.69

SOUTHWEST AIRLINES

Fourth Quarter	1977 $	1976 $
Revenue	15.3m.	8.3m.
Net profits	2.1m.	1.1m.
Net per share	1.03	0.54
Year		
Revenue	49.1m.	31.0m.
Net profits	7.5m.	5.0m.
Net per share	3.78	3.15

INTL. FINANCIAL AND COMPANY NEWS

Retailer lifts earnings by a fifth to $A19m.

BY LAWRENCE STEPHENS

SYDNEY, Jan. 31.

AN INDICATION of the fortunes of Australia's retailers in the current year was given to-day when nationwide retail chain, G. J. Coles and Co. reported profits rise of almost a fifth—19.2 per cent.—to $A18.88m. for the six months to December 31. The result sets the company well on the way to eclipsing last year's record earnings of $A29.95m., especially since consumer spending is expected to increase next month when personal income tax reductions announced in the budget last August, come into effect.

To mark the earnings lift directors have decided to increase interim dividend from 4 cents to 4.5 cents a share, indicating a possible hike in the final payout if the second half performance matches that of the first six months. Interim distribution last year of 4 cents was followed by a final dividend of 6 cents a share making a total of 10 cents against 8.5 cents in the previous year and 7.5 cents in 1974-75.

Coles has taken a conservative line in reporting its profit this time, preferring not to equity account its 49 per cent. stake in discount retailer K Mart. In the past year the company did not take its maiden dividend from that source of $A735,000 into account until the second half of the year.

While there is no indication yet of the likely dividend from K Mart this year there is no reason to expect it to drop.

Coles is one of the few Australian companies which does not take to account the relief obtained from the stock valuation adjustment, introduced over a year ago by the government to help companies allay the effects of inflation on stock purchases. The adjustment for the period rose from $A613,000 to $A1.28m.

In recent years the group's success has stemmed from strict controls on costs coupled with propitious expansion. In the latest half 14 new supermarkets were opened and another nine are scheduled to begin trading in the current six months.

Directors said two variety stores, 12 food markets and a supermarket were closed under the group's policy of terminating small and unprofitable units. But the expansion of the K Mart group, which is controlled by the S. S. Kresge Company of the U.S., gathered momentum with five new stores opened and three more planned.

The profit was earned on a 15.5 per cent. sales lift to $A794.4m., giving the company a profit of 2.22 cents for each sales $A against 2.21 cents a year ago. An extraordinary provision of $A468,000 for building depreciation was offset by a capital profit of $A477,000 from the sale of non current assets.

Israel Discount Bank peak

BY L. DANIEL

TEL AVIV, Jan. 31.

ISRAEL DISCOUNT Bank (IDB)—the principal subsidiary of IDB Bankholding Corporation and the country's third largest bank—reports that 1977 was the best year in its 40-year history. IDB is the first of the big three banks to report its results for the past calendar year.

In terms of Israeli pounds, its net after-tax profits soared by 152.4 per cent. to I£256.8m. ($16.7m. on the basis of the exchange rate of I£15.3883 to the U.S. dollar in force at end-December, 1977), or to I£10.60 per share, a rise of 21.3 per cent. Consolidated assets totalled I£71.7bn. at the end of 1977—a rise of almost 95 per cent. over end-1976.

Both rates of increase are far above the rate of inflation (42.5 per cent.) and above the 75.8 per cent. rise in the value of the U.S. dollar in relation to the Israeli pound, the rate having been I£8.7524 at the end-1976.

The bank's capital means rose last year by more than 100 per cent. to reach I£1.9bn.

Out of the operating profits, a final dividend in the gross amount of I£80.9m. has been set aside. The cash dividend will be 15 per cent., and there will be a 25 per cent. bonus share issue.

The increase in the net profit (after payment of I£305m. in taxes (70 per cent. rate of taxation) was also bigger than the rate of expansion in activities. For instance, deposits by the public increased by 94 per cent., loans by 80 per cent., and savings deposits by 72 per cent. This disproportion can be attributed largely to an extraordinary income in 1977 of I£46.2m. (less than I£1.1m. in 1976).

Mr. Daniel Recanati, IDB's managing director, also reported that the bank recently received approval of its application to establish an agency in Miami, Florida, one of the first to be granted under Florida's recently enacted international banking law.

The agency, and the establishment on January 1, this year, of a new subsidiary bank, Discount Bank (Latin America), in Montevideo, will give IDB a broader basis for operations in the southeastern U.S. and Latin America.

IDB and its subsidiaries currently have seven branches abroad (in New York, Uruguay, Grand Caymen Islands, Nassau and Luxembourg).

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8½pc 1989	[illegible]	94¼
AMEV 8pc 1987	93¼	94
Australia 8½pc 1992	94¼	93½
Austria M. & S. 9½pc '92	97½	98
Barclays Bank 8¾pc 1992	96½	97½
Bowater 9½pc 1992	96½	97½
Can. N. Railway 8¾pc 1986	96	98½
Credit National 8¾pc 1986	97½	99½
Denmark 8¾pc 1984	99	99½
ECS 9pc 1993	95½	[illegible]
ECS 8¾pc 1997	96½	97
EIB 8¾pc 1992	95½	99
EMI 9½pc 1989	97½	95½
Ericsson 8½pc 1989	96½	97
Esso 8pc 1986 Nov	99½	100½
Gt. Lakes Paper 8¾pc 1984	98	99½
Hamersley 9¾pc 1992	100½	101
Hydro-Quebec 9pc 1992	[illegible]	96
ICI 8¾pc 1987	96½	97
ISE Canada 9¾pc 1986	102½	103½
Macmillan Bloedel 9pc '92	96	96½
Massey Ferguson 9¾pc 1991	102½	103
Michelin 9¾pc 1988	100½	101½
Midland Int. Fin. 8¾pc 1992	95½	97½
Natnl. Coal Bd. 8pc 1987	94	94½
Natnl. Westmnstr. 9pc 1986	101½	102½
Newfoundland 9pc 1989	98	99½
Norges Kom. Bk. 8¾pc '92	95½	96½
Norpipe 8¾pc 1989	95½	96
Norsk Hydro 8¾pc 1992	95½	96
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1993	95½	96½
Prov. Saskatch 8¾pc 1986	94½	99½
Reed International 9pc 1987	94	94½
RHM 9pc 1992	94	94½
Selection Trust 8¾pc 1989	91½	92½
Skand. Enskilda 9pc 1991	95	95½
SKF 8pc 1987	92½	93
Sweden (K'dom) 8¾pc 1987	94½	97½
United Biscuits 9pc 1989	97½	99½
Volvo 8pc 1987 March	92½	93½
NOTES		
Australia 7¾pc 1984	94½	95½
Bell Canada 7¾pc 1987	94	94½
Br. Columbia Hyd. 7¾pc '85	93½	94½
Can. Pac. 8¾pc 1984	95½	99½
Dow Chemical 8pc 1986	97½	99½
ECS 7¾pc 1982	95½	96½
ECS 8¾pc 1989	96	96½
EEC 7¾pc 1982	96½	97
EEC 7¾pc 1984	95½	97
Enso Gutzeit 8¾pc 1984	96½	97
Gotaverken 7¾pc 1982	97½	95
Kockums 8pc 1983	97	97½
Michelin 8¾pc 1983	[illegible]	100½
Montreal Urban 8¾pc 1981	99½	100
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8¾pc '83	101½	102
New Zealand 8¾pc 1986	97½	98
Nordic Inv. Bank 7¾pc 1984	94½	95½
Norsk Hydro 7¾pc 1982	97½	98
Norway 7¾pc 1982	96½	97½
Ontario Hydro 8pc 1987	94½	95½
Singer 8¾pc 1982	99½	100½
S. of Scot. Elec. 8¾pc 1981	99½	100
Sweden (K'dom) 7¾pc 1982	97	97½
Swedish State Co. 7¾pc '82	93	96½
Telmex 9¾pc 1984	95	95½
Tenneco 7¾pc 1987 May	92½	93½
Volkswagen 7¾pc 1987	93½	94
STERLING BONDS		
Courtaulds 9½pc 1989	94½	97
ECS 9¾pc 1989	100	100½
EIB 9¾pc 1992	[illegible]	98½
Finance for Ind. 9¾pc 1987	99½	100
Fisons 10¾pc 1987	100½	101½
Total Oil 9¾pc 1984	95½	96
DM BONDS		
Austria 6½pc 1985	106½	107
BFCE 7pc 1987	104½	105
Denmark 6¾pc 1989	106½	107½
EIB 6¾pc 1984	106	106½
Grand Met. 7pc 1984	101½	102½
Hydro-Quebec 6¾pc 1987	101½	102
ICI 6¾pc 1987	105½	106
Montreal 7pc 1987	102½	103½
Norges Gas 7pc 1989	107	107½
Norsk Hydro 6¾pc 1989	104½	105½
Norway 5¾pc 1982	103½	103½
Shell 6¾pc 1989	107½	108½
Spain 6¾pc 1984	100½	101½
Sweden 6¾pc 1984	104½	105½
World Bank 6½pc 1987	103½	104½
FLOATING RATE NOTES		
Bank of Tokyo '84 7 15/16pc	96½	97½
BFCE 1984 7pc	95½	94½
BNP 1983 7pc	99½	99½
CGMF 1984 6 15/16pc	[illegible]	95½
Creditanstalt 1984 7¾pc	95½	99½
Credit Lyonnais 1982 6¾pc	99½	99½
DG Bank 1982 7 15/16pc	99½	[illegible]
GZB 1981 7¾pc	100½	100½
Intl. Wstmnstr. '84 7 15/16pc	99½	99½
Lloyds 1983 7¾pc	100	100½
LTCB 1982 6¾pc	99½	[illegible]
Midland 1982 8pc	101½	101½
Midland 1987 7 11/16pc	99½	99½
OKB 1983 6¾pc	99½	99½
SNCF 1985 6 15/16pc	95	99½
Stndd. and Chrtrd. '84 6¾pc	99½	99½
Wms. and Glyns 1984 7pc	99½	100
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	79	81
Ashland 5pc 1988	80	81
Babcock & Wilcox 6¾pc '97	[illegible]	94
Beatrice Foods 4¼pc 1992	93½	95½
Beatrice Foods 4¾pc 1992	100	102
Beecham 6¾pc 1992	[illegible]	95
Borden 5pc 1992	99	101
Broadway Hale 4¾pc 1987	73½	75½
Carnation 4pc 1987	74½	75½
Chevron 5pc 1988	116½	119½
Dart 4¾pc 1987	73½	80½
Eastman Kodak 4½pc 1988	90½	92½
Economic Labs. 4½pc 1987	77½	79½
Firestone 5pc 1988	80	82
Ford 5pc 1988	81	83
General Electric 4¼pc 1987	90½	92½
Gillette 4¾pc 1987	76	78
Gould 5pc 1987	110	112
Gulf and Western 5pc 1988	77	79
Harris 5pc 1992	132	145
Honeywell 6pc 1986	93	95
ICI 6¾pc 1992	83½	84½
INA 6pc 1997	92½	94
Inchcape 6¾pc 1992	102	103
ITT 4½pc 1987	74½	76½
Jusco 6pc 1992	104½	105½
Komatsu 7½pc 1990	105	107
J. Ray McDermott 4¾pc '87	130½	132½
Matsushita 6¾pc 1990	119½	120½
Mitsui 7¾pc 1990	108	107
J. P. Morgan 4¾pc 1987	94½	96½
Nabisco 5½pc 1988	98½	100½
Owens Illinois 4½pc 1987	116½	118½
J. C. Penney 4½pc 1987	74	76
Revlon 4¾pc 1987	105½	107½
Reynolds Metals 5pc 1988	83	84
Sandvik 6½pc 1988	104½	106
Sperry Rand 4¼pc 1987	80	82
Squibb 4¾pc 1987	77	79
Texaco 4¾pc 1988	76½	78½
Toshiba 6½pc 1992	97½	99½
Union Carbide 4¾pc 1982	90	92
Warner Lambert 4½pc 1987	78	80
Warner Lambert 4½pc 1988	73	75
Xerox 5pc 1988	76½	78½
Source: Kidder, Peabody Securities.		

Volatile record at Messina

BY RICHARD ROLFE

JOHANNESBURG, Jan. 31.

THE DECISION by Messina (Transvaal) Development to pass its interim dividend should not come as a surprise to shareholders. The veteran producer of copper in South Africa and Rhodesia, which has diversified into industry in recent years, reduced its final dividend for the previous financial year to September 30.

Last November the chairman Commander H. F. P. Grenfell, made it clear that without some improvement in trading conditions, "it may not be appropriate to declare an interim dividend in the current financial year."

Messina's recent dividend record has not been stable as the group apparently pays out whatever it thinks is not required for the future finance of the business. So in the past five years, the annual dividends have seesawed from 43c. to 60c, to 35c, 45c and 30c, a pattern more appropriate to a commodity stock than to the cautiously rising trend the South African mining houses generally try to achieve.

Like many other companies with one basic product—in this case, copper—Messina in the 60s had a choice between sticking to the business it knew best and paying out distributable earnings in full, or of using its cash flow—which from copper can be substantial in a good year—to diversify.

Diversification

The decision was to diversify and to-day Messina controls Datsun-Nissan, which has an exclusive franchise in South Africa from the Japanese auto manufacturer; Steelmobile, a container manufacturer; Premier Metals, which holds various franchises from Clark Equipment Company; and Autocast, a joint venture with Birmid Qualcast which makes castings such as cylinder blocks for the car industry.

These industrial companies now rival the mining side in asset terms, with total book value of R72m. before R22m. accumulated depreciation, compared with mining assets of R81m. A year ago—a reasonably good one for copper—the industrial side aggregated 53 per cent. of net group profits, after tax, of R3.9m., a performance which suggested that the diversification programme had begun to pay handsome rewards, by exceeding copper profits for the first time.

But last year, to September 30, 1977, the profit contributions swung round with a vengeance. Net profit fell to R6.2m. of which mining accounted for 99 per cent. A solid profit performance by Datsun-Nissan, which made R3.5m. net, was more than offset by losses of R2.3m. at Steelmobile and R1m. at Leason-Afmec, a crane hire subsidiary.

Where does Messina go now? Group breakeven point on its copper mines was R900 per ton in 1977, against the current LME price equivalent of R1,050. So while Messina's copper is still profitable overall, with rising costs it is becoming increasingly marginal. The Rhodesian operations, which produced 23,800 tons of copper last year, against 7,800 from the ancient Messina mine in South Africa, are under severe cost pressure through the rigorous Rhodesian call-up requirements.

Irish ventures

Prospecting has been increasingly directed outside South Africa. Activities in the NW Cape with Selection Trust and U.S. Steel were discontinued last year. But using funds generated by a Canadian company, Storwal, acquired last January, Messina is channelling funds into ventures in Ireland and has also prospected in the Shetland Isles.

The group has long attracted interest as a takeover stock. The biggest shareholding is 12 per cent., spread among the Anglo American group, with Unisec holding about 7 per cent. Hence Messina is an "open" situation.

The group is capitalised at R19m., and had shareholders' funds in the last balance sheet of R106m.

In the City, particularly, Messina has long been favoured as a "settlement stock" and in the euphoria which would no doubt accompany any settlement in Rhodesia. The shares could improve substantially from the current 175c.

But other problems remain: Steelmobile had difficulty last year in coping with the tolerances required on its containers and with seasonal production runs occasioned by the annual switch from standard to refrigerated containers. Datsun-Nissan faces the need for new model launches and the problems arising from the appreciation of the yen in the foreign exchange market. The problems are as diverse as the group and more than the "good heart" called for by the chairman in his last statement may be needed to overcome them.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

SPANISH BANKING

Repercussions on Navarra crisis

BY ROBERT GRAHAM IN MADRID

THE COLLAPSE of a small Spanish commercial bank, Banco de Navarra, two weeks ago is continuing to have major repercussions throughout Spain's banking community. It has raised serious questions about Spanish banking practice and at the same time accelerated the trend towards consolidation of banking interests.

The Bank of Spain intervened on January 17 to take over the administration of the bank and guarantee bank depositors. This is the first time in recent history that the Bank of Spain has been obliged to take such a course of action.

Banco de Navarra prior to the Bank of Spain rescue had total deposits of Pts.9.7bn. plus capital and reserves totalling Pts.1.8bn. The bank, with 65 branches, ranked as number 62 in Spain in terms of deposits and was striving hard to become a recognised national commercial bank. It formed part of an investment group, MPI, that was involved in property and property finance.

Those close to the bank maintain that it is the first victim of the Bank of Spain's tight credit policy. Expanding very rapidly it was obliged to rely heavily upon the inter-bank market for funds. When inter-bank rates rose in October and early November to 20 per cent. this squeezed liquidity. The bank is reported to have Pts.3.48bn. outstanding debts on the inter-bank market, according to reliable sources.

A number of prominent bankers have argued in private that the Banco de Navarra's position was sufficiently well known for remedial action to have been taken previously—and even if not the authorities should have made it their business to know. The bank had apparently been inspected over a period of two months by Bank of Spain inspectors who suggested that there were no fundamental problems.

Following this inspection the Banco Central, one of the two largest commercial banking groups in the country, was invited to look over the bank with a view to purchase. It was the Central's negative assessment which started a run on deposits, according to banking sources.

By throwing the burden onto the Bank of Spain to solve the problem, the Spanish banking community has adopted a new approach. In the past it has always sought and shown solidarity on such occasions. The feeling is they do not wish to encourage the authorities to believe that any bank will be rescued, especially when there are still over 110 commercial banks in the country.

One banking group, Rumasa, has subsequently come forward with a rescue package for Banco de Navarra. However, Rumasa, the eighth largest banking group in the country, is not a bystander. Last year it sold a small commercial bank, Banco de Toledo to the MPI group. If MPI cannot deliver payment by March, then Toledo (deposits Pts.130m.) will revert to Rumasa. This package has been rejected by the Bank of Spain.

The Banco de Navarra's demise has also affected another bank. A well known small commercial bank, Banco de Gredos, has Pts.450m. outstanding from affiliates of Banco de Navarra. Largely because of this discussions for a merger between Gredos and Bankunion, Spain's third largest industrial bank, have been at an advanced stage.

This would be a logical consolidation. Gredos is owned 53 per cent. by a holding company, Inbex, which also possesses 13 per cent. of the Bankunion equity. The merger would also include an old established Catalan Bank, Banck Jover, in which Bankunion has a small stake. Together this would provide total deposits of some Pts80bn.

The overall sums involved in the Banco de Navarra are not large. But given the intimate involvement of the banks with all sectors of the economy, the reprecussions are much greater.

Optimistic note in Flachglas report

By Guy Hawtin

FRANKFURT, Jan. 30.

FLACHGLAS AG Delog-Detag, one of West Germany's leading glass manufacturers, has produced a preliminary report on 1977 which should give its shareholders grounds for quiet satisfaction. Although no mention is made of profits, its tone indicates that the 1976 recovery—after two very lean years—has been continued.

Sales in 1977 rose by 15 per cent., according to to-day's statement, to DM730m. This means that turnover expanded by only a fraction less than 1976's 15.3 per cent., when sales went up from the previous year's low level of DM551.3m to DM635.9m.

The concern said that the sales rise was primarily generated by increased demand from the motor industry—also a major factor in 1976's improvement. However, there was also a strong impetus in volume turnover coming from companies involved in the renovation of older buildings, although, for the first time since 1972, there was an improvement in construction industry sales of products for new buildings.

Flachglas, which holds the licence for Pilkington's float glass process, said that demand in this sector had increased further. The construction of its third float-glass production plant in the Upper Palatinate would further underscore the group's competitiveness in this sector.

Export demand has also been strong, with overseas sales as a proportion of turnover increasing from 1976's 14.5 per cent. to 16 per cent. Operating profits of the parent concern were good said the report while earnings from subsidiary companies were also satisfactory.

Modest earnings rise at Skandinaviska Enskilda

BY WILLIAM DULLFORCE

STOCKHOLM, Jan. 31.

PRELIMINARY, unaudited figures released to-day by Skandinaviska Enskilda Banken, Sweden's largest private commercial bank, show an increase of just under 2 per cent. in 1977 earnings to Kr.609.6m. (£67.7m.). At the eight-month stage the management forecast a 5 per cent. profit decline.

Net adjusted earnings, including the bank's subsidiaries, are estimated to be Kr.21.32 a share against Kr.19.44 in the previous year and the Board proposes to pay an unchanged dividend of Kr.8 after adjustment for last year's share split, which doubled the number of shares.

It also recommends a payment of Kr.21.7m., or roughly Kr.3,000 to each employee, under the profit-sharing scheme, which was outlined by the management last year and which still has to be approved by the annual general meeting.

The bank's income rose by 6 per cent. or Kr.97.3m. last year. Interest income increased by only 3.9 per cent. to Kr.1.08bn. but earnings from commissions and arbitrage dealing climbed 9.7 per cent. to Kr.534m. Costs, including depreciation, were restricted to a 9 per cent. rise, partly through a reduction of 202 in the number employed.

The balance sheet total grew by 16 per cent. to Kr.45.9bn. If the bank's subsidiaries are included, the balance sheet shows a growth of just over 15 per cent. to Kr.54.2bn. and group earnings show a 6.5 per cent. rise to Kr.707m.

The bank's deposits climbed 11.4 per cent. to Kr.23.7bn after a spurt in the last two months brought about by the increase in general liquidity resulting from the growing deficit on the state budget. The bank's lending grew by 9.8 per cent. to Kr.23bn.

Dividend up at Andelsbanken

By Hilary Barnes

COPENHAGEN, Jan. 31.

ANDELSBANKEN, Denmark's fourth largest commercial bank, plans to increase the dividend from 10 per cent. to 11 per cent., after an improved result in 1977. The operating profit before depreciation, reserve allocations and tax was up from Kr.115m. to Kr.161m., and the result before adjustments for the value of security investments were up from Kr.30m. to Kr.125m.

In 1976 there were losses of Kr.120m. on security holdings, which, under Danish law, are entered into the profit-and-loss account at their market value on the final trading day of the year. Last year the bank managed to turn this round to a surplus of Kr.4m., in spite of a general decline in bond and share prices.

The net result after tax increased from Kr.2m. in 1976 to Kr.85m. last year. The bank's account balanced at Kr.10.9bn., an increase of 29 per cent. Advances rose by 19 per cent. and deposits by 10 per cent.

The bank said that it will ask shareholders to raise the limit on foreign subordinate capital, from Kr.200m. to Kr.300m., with a view to securing the capital base necessary for further bank growth. The ratio of equity capital to liabilities at the end of 1974 was 9.3 per cent.

MG offer for Hammond accepted

By Giles Merritt

DUBLIN, Jan. 31.

... the Irish engineering ... that last year was the ... blic's top performing ..., has received acceptance ... bid to acquire control of ... mond holdings, a smaller ... engineering concern with ... ing asset base. Hammond's ... is to recommend that ... holders accept a combined ... and shares offer worth a ... of over £3.5m. The Hammond directors together hold 3.5 ... nt. of the company's shares ... e Investment Bank of Ireland, which holds a further 18 ... ent., is also accepting the offer. The balance of the ... are understood to be dispersed but it is now ... t unlikely that any counter ... will be made.

...G, which through Mr. ...el Smurfit's holding is ...y linked with Ireland's Jefferson Smurfit print and ...ging group, last year ...ed a 380 per cent. increase ... share price, which began ... and finished at 175p.

...'s sales for 1976, the last ...ear available, were £9.1m. ... pre-tax earnings were ...00. Hammond Holdings' ...er to end March 1977 was ... and pre-tax profits were ...00.

Amfas shows gains in 1977

BY CHARLES BATCHELOR

AMSTERDAM, Jan. 31.

AMFAS, the Rotterdam-based insurance company, said that its provisional accounts showed that net profit rose by 18 per cent. in 1977, on turnover which was 15 per cent. higher. The net profit was Fls.29.2m., compared with Fls.24.8m. in 1976, while turnover was Fls.995m. compared with Fls.836m.

The company did not specify profits from its various divisions but said that non-insurance activities considerably improved their result, while life insurance gave a favourable profit. The result of accident insurance business was lower than in 1976.

Profits per Fls.20 nominal share rose to Fls.15.28, from Fls.14.98, despite the 20 per cent. increase in capital undertaken last year. Amfas expects another good year in 1978.

Total premium income increased 13 per cent. to Fls.702m. Income from investments and from the group's non-insurance activities, such as business financing, mortgage lending and property, rose 19 per cent. to Fls.293m.

Premium income on life insurance rose 15 per cent. to Fls.386m., and accident insurance premium income was 11 per cent. higher, at Fls.316m.

Dutch insurance companies, some of which have been making losses on their motor insurance business, expect to be able to raise their premiums shortly, according to Amfas. Such an increase would be the third within a year.

Amfas' share capital and reserves rose to Fls.320m. in the year, from Fls.253m., with the increase due in equal measure to the capital rise and the increased value of its investments in fixed assets and shares.

IHC hopes to maintain profits at Fls.15.4m.

AMSTERDAM, Jan. 31.

IHC HOLLAND, the specialised Dutch shipbuilding company, expects its dredger-building activities and one of its offshore construction divisions to make losses in 1978. But its oil platform construction and investment divisions will probably show a profit. As a result IHC expects 1977 profits to be about the same as the Fls.15.4m. of 1976.

One uncertainty is the price IHC will get for a drilling ship which it is now building for its own account after the original Norwegian buyer cancelled his order.

The Dutch dredger construction industry as a whole will operate at a loss for a number of years despite plans for a thorough reorganisation. But when international demand for new vessels recovers the specialised Dutch yards, which have a large share of the total market, should be in a sound competitive position.

The shipbuilding industry policy committee, which was set up in 1976, is recommending the re-grouping of the entire Dutch dredger building sector around IHC. The committee plans for a group employing 2,900 based on four IHC companies and the independent shipbuilder Werf Van Rees. At a later stage five more IHC companies and an affiliate of Van Rees would be merged with the group which would then have a workforce of 3,500.

There are initial plans for an investment programme of Fls.150m. The shipbuilding committee recommends that the Government should put up between Fls50m.-70m. of the starting capital to meet expected losses and help finance investments.

IHC, Van Rees and the Government would all participate in the group but none would have a controlling interest.

Elf-Aquitaine invests more

PARIS, Jan. 31.

CONSOLIDATED turnover of the Elf-Aquitaine oil group increased to about Frs.37bn last year from Frs.35.9bn in 1976, the group announced to-day. Cash flow at the end of 1977 stood at Frs.5.33bn, against just under Frs.5bn, a year earlier.

Elf-Aquitaine invested Frs8.95bn in 1977, up from Frs.6.59bn. The group's investments in 1977 showed an increase of Frs.4bn on 1976—a growth similar to that recorded in 1976.

AP-Dow Jones

Strong start by Perstorp

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, Jan. 31.

PERSTORP, the Swedish chemicals concern, continued to show strong profit and sales growth in the first quarter of its financial year. At the annual general meeting the management reported an increase in pre-tax earnings of over 21 per cent. to Kr.84m. (£9.8m.) for the three months ending December 31 and a 20 per cent. climb in turnover to Kr.372m. (£41.3m.).

The good first-quarter performance follows the 46 per cent. profit boost recorded in 1976/77. The current profit growth is attributed partly to the boom in business in Brazil and in England, where Perstorp acquired the Warerite laminated concern in 1976 and partly in gains from the devaluation of the Krona.

During the first quarter the Penaerythritol plant at Toledo, Ohio, which Perstorp took over from Pan American Chemicals last year and has rebuilt, started deliveries. The management also reduced costs by integrating the industrial products division, which has been affected by the slump in orders from the electronics companies with the chemical products division.

The Board approved a one-for-five bonus issue of shares, which will raise the share capital to Kr.79.2m. It also allocated an extra Kr.10m. to the management for research and development, boosting Perstorp's already high level of spending in this area.

Mr. Karl-Erik Sahlberg, the managing director, forecasts a good performance in 1977/78 but the real upturn in business is not expected before 1979. Over the next five years Perstorp is scheduling an expansion bringing sales to over Kr.2bn. and is simultaneously planning investments in the Kr.400-500m. range.

Oy Nokia sales lift

HELSINKI, Jan. 31.

OY NOKIA AB's results for 1977 showed some improvement, writes Lance Keyworth from Helsinki. According to Mr Kari Kairamo, the company's managing director, in his preliminary survey, consolidated turnover of the group increased by 10.4 per cent. to Fmks.2.38bn (£3.5m.). The figures for the parent company showed a rise of 8.4 per cent. to Fmks.1.8bn. The prediction for 1978 is an increase of about 7 per cent. in invoicing.

All five divisions of the company—forest industry, rubber, cable, electronics and plastics—improved their sales compared with 1976. In relative terms, the best performance was produced by the electronics division with an increase of 19.4 per cent. to Fmks.311m. Nokia, like most Finnish companies, suffered from liquidity problems throughout 1977. Only strict economies, reductions of inventories and postponement of investment projects enabled it to produce as good a result as it did.

Surplus for Skandia

IN A PRELIMINARY report for 1977 Skandia, the Swedish insurance concern, shows a surplus of Kr.160m. from accident premiums compared with Kr.41m. in the previous year. The surplus is made up from a profit of Kr.35m. on international insurance, a surplus on capital costs of Kr.170m., and a loss of Kr.45m. in the Swedish sector.

The board recommends an unchanged dividend of Kr.5 per share. The forecast for 1978 sees that premium income will rise to Kr.5bn. with an operating profit of about Kr.300m.

...neco listing

PARIS, Jan. 31

...ECO INC. is applying to ...ts Ordinary shares quoted ... Paris Bourse. The share ...uction is to be managed ...nque Nationale de Paris, ... Lyonnais and Morgan ...y International. Tenneco ... turnover of $7.5bn. in 1977.

London's Euro-business share is shrinking

BY MARY CAMPBELL

LONDON'S share of the Euro-market has shrunk from over 41 per cent. of the total to 35.7 per cent. since 1974, a new analysis by David Ashby, economist with Bankers Trust suggests.

The main financial centres which have increased their market share over the same period are the Bahamas and Caymans (moving from 9.2 to 13.5 per cent.), Bahrain (from nil to 2 per cent.) and Singapore (from 2.7 to 3.1 per cent.).

Writing in an article in The Banker, Mr. Ashby says that the proportion of international banking business going through the European centres as a whole has shrunk from 78.9 to 72.4 per cent. since the end of 1973.

The overall size of the Euro-market, according to the article, increased from $317bn. at the end of 1973 to $635bn. at the end of last year.

WALL STREET + OVERSEAS MARKETS

U.S. Steel news reverses early rally

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 31.

A CUT in U.S. Steel Corp's dividend rate reversed an earlier advance on Wall Street to-day, ending stocks lower in active artding.

The dividend cut from 55 to 40 cents a share, affecting about a quarter of a million shareholders, came on top of the corporation's poor earnings in the fourth quarter, frustrating any hopes for a market rally.

The Dow Jones Industrial Average—1.73 ahead at 11 a.m.—finished at 769.92 for a loss of 2.52. This was slightly above its "low" of the day.

The NYSE All Common Index closed 4 cents down at $49.41.

The earlier market rise was attributed to a 0.7 per cent. gain in the index of leading U.S. economic indicators for December, reported by the Government as trading began.

Volume, at 19.87m. shares, was up 2.47m. on yesterday's level, with gaining and losing stocks balancing each other out at 673 and 679 respectively.

U.S. Steel dropped $3¼ to $28⅝ after trading resumed just seconds before the exchange closed. A block of 337,000 shares was traded at $28⅝, off $3⅛.

Some other steel issues also came under pressure, as Kaiser Steel dropped $2¼ to $24¼ after reporting a loss for its fourth quarter. Bethlehem Steel declined $1¼ to $22¼, Inland Steel $⅞ to $37¼ and Republic Steel $⅞ to $24¼.

Aluminium Co. of America fell $¾ to $38⅞.

Among prominent losers in the "blue chip" and "glamour" categories, IBM fell $1½ to $265¼, Bausch and Lomb $1⅞ to $49⅛, Teledyne $⅞ to $66¼, Du Pont $⅞ to $106⅞, General Motors $⅞ to $58⅛ and Burroughs $⅞ to $65⅞.

Fibreboard, one of the most active stocks fell $1 to $15.

Price movements were mixed on the AMERICAN SE. The index closed 0.03 down at 121.39, but advancing stocks outnumbered losing ones 287 to 251.

Volume was 2.23m. shares (2.08m.).

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
U.S. Steel Corp.	626,700	28⅝	−3¼
Fiberboard Corp.	457,800	15	−1
Marshall Field	356,100	35½	−¼
Gulf United Corp.	228,100	19½	−⅛
Citicorp.	154,000	19¾	−¼
Eli Lilly	149,000	40½	+¼
Warnaco Inc.	141,400	6¾	—
Airco Inc., W D	141,200	39½	−1¼
Ampex Corp.	133,600	11⅞	+⅛
General Motors	130,300	58⅝	−⅞

OTHER MARKETS

Canada steady

Share prices remained steady on Canadian stock market yesterday, with the Toronto composite index creeping up 0.2 to 998.4, but declines marginally outnumbering advances. Golds rose 7.9 to 1,371.8.

In Montreal only the Utilities index recorded a slight loss.

B. C. Forest gained $C⅜ to $C21¼ and Du Pont Canada $C½ to $C12¼ after both reported higher earnings.

Canray Resources fell 75 cents to $C1.15.

PARIS—Shares eased on lack of business. In weaker Electricals, though, DBA was withdrawn at the upper limit after Lucas Electrical said it agreed, subject to Government approval, to pay DBA $26m. for the 31 per cent. of Ducellier et Cie. it does not already own.

Automobiles and Constructions eased, while Banks were irregular and Stores steady against the trend. Carrefour gained Frs.2 to Frs.1,242.

BRUSSELS—Mixed with a majority of issues lower in moderate trading.

Vieille Montagne rose B.Frs.46 to B.Frs.1.396 and CBR B.Frs.10 to B.Frs.1.122 while Hainaut-Sambre, Cometra, and Tabacofina also gained.

Union Miniere, however, lost B.Frs.8 to B.Frs.728, Hoboken B.Frs.55 to B.Frs.2,515 and Solvay B.Frs.40 to B.Frs.2,460. Sidro, Asturienne and Clabecq also lost.

Petrofina and its Canadian and American units rose.

GERMANY—Prices closed showing mixed movements after opening firm under the influence of Wall Street.

Stores fell led by Karstadt—down DM16 to DM308 in continuing reaction to its statement that last year's earnings would be significantly below those for the previous year.

Big Chemical groups eased by up to DM1.20.

AMSTERDAM—Closing prices were narrowly irregular with a lower bias.

In Dutch Internationals, Unilever advanced Fls.0.20 to Fls.121.70 and Royal Dutch Fls.0.10 to Fls.126.80, but Akzo lost Fls.0.40 to Fls.21.9.

Insurances closed higher, while Banks were unchanged to lower. Shippings and Transports were mostly lower except for KNSM. Gaining shares included Robeco, up Fls.1.00 to Fls.186.50, Rolinco, ahead Fls.0.80 to Fls.116.30, and Deli.

MILAN—Widespread gains in slightly more active trading.

Generale Immobilaire gained sharply on optimism that banks will accept rescue plans for the company.

VIENNA—Generally very steady in quiet trading. Slight improvements were seen among Engineerings and Metals. Union Bau Gesellschaft, however, came under selling pressure, losing five points.

OSLO — Banking, Insurances, Shipping and Industrials were quiet.

COPENHAGEN — Mixed in moderate trading. Banks and Communications ended higher, Shipping and Industrials irregular and Insurance and Commodities lower. There were isolated firm spots in Comodities.

MADRID—The market continued indecisive. Banks were again unchanged, although Utilities showed slight gains. Some second-line companies were in demand, notably La Seda de Barcelona and Santa Barbara, both overbid.

SWITZERLAND—Slightly higher in fairly active trading, stimulated by yesterday's firmer Wall Street close.

Markedly firmer stocks included Elektro-Watt, up Sw.Frs.35 to Sw.Frs. 1,800, Ciba-Geigy participation certificates, Sandoz Registered, and a few high-yielding shares such as Italo-Suisse, Pirelli and Sued-Elektra.

Leading Banks and Insurances were well maintained.

HONG KONG—Slightly easier on scattered local selling in dull and featureless trading. Volume totalled $HK18.72 ($HK25.20).

Among "blue chips," Jardine Matheson lost 10 cents to $HK12.10, Hong Kong Land 5 to $HK6.60 and Hutchison Whampoa 5 cents to $HK3.55.

TOKYO — Sharply higher in active trading on selective buying interest mainly in "blue chips" and export-oriented issues.

Volume totalled 310m. shares (330m.) and the Nikkei-Dow Jones Average rose 34.13 to 5,111.67.

Toyota Motor, up Y10 to Y845, Honda Motor, up Y21 to Y531, Sony, up Y70 to Y1,840, TDK Electronic, up Y30 to Y1,580, Sharp Corporation and other export-oriented shares were bought on the belief that the yen's rate against the dollar has stabilised for the time being.

JOHANNESBURG—Golds weret generally easier in quiet trading ahead of the IMF gold auction.

Heavyweights Vaal Reefs and Harties rose against the trend, putting on R1.15 to R23.75 and 20 cents to R30.10 respectively. Elsewhere losses ranged to 50 cents.

AUSTRALIA — Easier, with Banks losing ground on expectations of lower interest rates.

Bank of NSW eased 4 cents to $A5.20, after touching $A5.18, while the National and ANZ each lost a few cents.

BHP gained 2 cents to $A5.32, while Properties firmed on prospects of easier home loans.

Indices

NEW YORK—DOW JONES

	Jan. 31	Jan. 30	Jan. 27	Jan. 26	Jan. 25	Jan. 24	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	769.92	772.44	784.12	785.84	772.44	771.57	999.75 (3/1/77)	763.34 (25/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.62	89.40	89.57	89.55	89.55	89.64	95.87 (7/9)	89.56 (26/1/78)	—	—
Transport	208.58	208.71	208.71	209.58	211.45	210.26	246.64 (18/6)	199.60 (20/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.77	104.81	104.64	105.14	105.88	105.76	118.67 (22/2)	104.77 (31/1/78)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	19,870	17,400	17,800	19,800	18,880	15,880	—	—	—	—

* Basis of index changed from August 24

	Jan. 27	Jan. 20	Jan. 13	Year ago (approx.)
Ind. div. yield %	6.02	5.92	5.93	4.27

STANDARD AND POORS

	Jan. 31	Jan. 30	Jan. 27	Jan. 26	Jan. 25	Jan. 24	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	88.55	88.44	87.51	87.47	88.39	88.26	118.92 (3/1/77)	87.47 (26/1/78)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	89.26	89.34	88.58	88.58	89.39	88.28	107.00 (3/1/77)	88.58 (26/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 25	Jan. 18	Jan. 11	Year ago (approx.)
Ind. div. yield %	5.22	5.13	5.18	3.87
Ind. P/E Ratio	8.62	8.74	8.65	11.07
Long Govt. Bond yield	8.20	8.17	8.91	6.13

N.Y.S.E. ALL COMMON

Jan. 31	Jan. 30	Jan. 27	Jan. 26	1977/78 High	1977/78 Low
49.41	49.45	49.06	49.07	57.07 (4/1/77)	49.06 (27/1/78)

Rises and Falls

	Jan. 31	Jan. 30	Jan. 27
Issues traded	1,840	1,837	1,778
Rises	675	846	567
Falls	679	527	725
Unchanged	486	465	486
New Highs	—	9	12
New Lows	—	52	78

MONTREAL

	Jan. 31	Jan. 30	Jan. 27	Jan. 26	1977-78 High	1977-78 Low
Industrial	165.85	165.25	166.47	165.91	186.47 (17/3)	158.92 (25/10)
Combined	171.82	170.82	171.18	171.54	187.85 (19/1/77)	165.80 (25/10)
TORONTO Composite	998.4	998.2	1000.5	1004.8	1067.4 (19/7)	961.9 (25/10)
JOHANNESBURG Gold	215.7	216.8	218.8	215.7	216.5 (27/1/78)	138.4 (24/5)
Industrials	211.8	211.8	212.1	212.2	214.4 (6/1/78)	166.1 (22/4)

	Jan. 31	Pre-vious	1977-78 High	1977-78 Low
Australia (*)	464.71	465.96	479.45 (3/1/78)	412.30 (16/8)
Belgium (‡)	95.53	95.40	99.12 (10/1/77)	90.43 (12/1/78)
Denmark (**)	96.97	96.88	101.92 (3/6)	95.64 (22/11)
France (††)	50.1	50.4	62.4 (7/1/77)	45.5 (10/6)
Germany (‡‡)	795.5	797.0	815.5 (17/11)	712.5 (10/3)
Holland (§§)	80.5	80.6	95.2 (4/5)	76.8 (29/9)
Hong Kong (‖)	405.32	406.74	455.17 (11/6)	383.44 (13/1/78)
Italy (‖)	69.34	68.63	75.71 (5/1/77)	64.90 (22/12)
Japan (a)	382.04	380.05	390.93 (29/9)	350.49 (24/11)
Singapore (b)	265.02	265.15	268.02 (29/8)	242.28 (3/5)
Spain (d)	95.65	96.61	100.00 (30/12)	94.56 (25/11)
Sweden (e)	356.71	354.85	316.06 (22/5)	266.68 (24/11)
Switzerl'd (f)	312.0	309.7	316.6 (14/10)	280.5 (3/5)

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300-1,000, the last named based on 1975) † Excluding bonds. ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (*) Sydney All Ord. (‡) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (‖) Hang Seng Bank 31/7/64. (‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Close. (d) Madrid SE 30/12/77—high and low for 1978 only. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◆ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—73% (74¼%)
Effective rate (at 1.9500)—29¼% (30¼%)

NEW YORK

CANADA

GERMANY ◆

Jan. 31	Prices Dm.	+ or −	Div. %	Yld. %
AEG	91.9	−0.4	—	—
Allianz Versich.	485	−5	18	1.8
BMW	223	−2	20	4.4
BASF	137.6	−1.2	17	6.2
Bayer	135.7	−0.4	16	6.0
Bayer. Hypo	286	−1	20	3.4
Bayer. Vereinsbk	318	.....	20	3.2
Ciba Int.Ned.wrts.	160	−5	—	—
Commerzbank	221	−1	18	4.1
Conti Gummi	78	−0.7	—	—
Daimler Benz	311.5	−0.1	19	3.1
Degussa	267.5	−1	18	3.3

TOKYO ¶

Jan. 31	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	320		14	2.2
Canon	454	+7	12	1.3
Casio	580	+12	25	2.2
Chinon	399	+15	20	2.5

AUSTRALIA

Jan. 31	Aust. $	+ or −
ACMIL (25 cent)	†0.78	−0.01
Acrow Australia	†0.82	−0.02
Allied Mnt-Trdg. Indus. $1	†2.27	
Ampol Exploration	†1.25	−0.05
Ampol Petroleum	†0.75	−0.01

BRAZIL

AMSTERDAM

COPENHAGEN ♣

VIENNA

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

MILAN

PARIS

STOCKHOLM

OSLO

JOHANNESBURG

SPAIN ♥

+ FOREIGN EXCHANGES

Dollar weaker

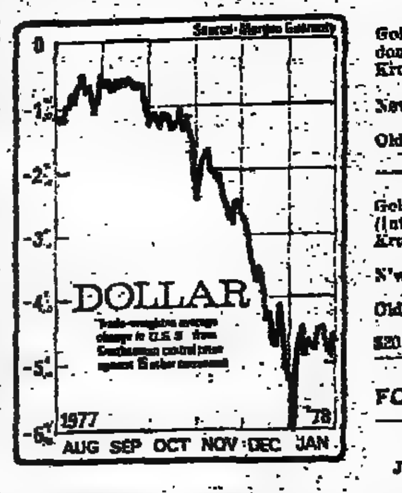
Trading remained at a low level in the foreign exchange market yesterday. The U.S. trade figures for December were slightly better than generally feared, but the market is still adopting a cautious approach towards the economy and chances of success of President Carter's energy policy. Rates moved more sharply in the afternoon when New York began trading, but the volume of business remained thin.

Intervention by the West German authorities was no more than a smoothing operation in the market during the morning. There was no evidence of any other intervention by other central banks, and the dollar finished at around its lowest level of the day against many major currencies. It closed at DM2.1090 in terms of the D-mark, compared with DM2.1165 previously, and Sw.Frs.1.9780 against the Swiss franc, compared with Sw.Frs.1.9900 on Monday.

The dollar's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty widened to 4.65 per cent. from 4.60 per cent.

Sterling eased to $1.9465-1.9475 in the morning, and touched a high point of $1.9520-1.9530 in the afternoon. It closed at $1.9495-1.9505, a rise of 25 points on the day. The pound's trade-weighted index against a basket of currencies, as calculated by the Bank of England, was unchanged throughout at 66.5.

Gold rose $¾ to $175½-176¼, in moderate trading, influenced by the weakness of the dollar. The krugerrand's premium over its gold content eased slightly to 7.75 per cent. from 8.21 per cent. for domestic delivery, and to 3.34 per cent. from 3.64 per cent. in the international market.



CURRENCY RATES

	Special Drawing Rights January 31	European Unit of Account January 31
Sterling	0.623011	0.630078
U.S. dollar	1.21512	1.22953
Canadian	1.34599	1.36252
Austria sch.	18.4243	18.5921
Belgian franc	39.7435	40.2147
Danish krone	6.94927	7.02201
Deutschemark	2.56609	2.59388
Dutch guilder	2.74739	2.78015
French franc	5.75056	5.81930
Italian lira	1,053.51	1065.66
Japanese yen	293.330	297.007
Norway krone	6.25539	6.29831
Spain peseta	97.9022	5.70989
Swedish krone	5.64546	99.0511
Swiss franc	2.40535	2.42989

EXCHANGE CROSS-RATES

Jan. 31	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1070-86	44.58-68	6.443-453	4.110-116	93.20-30	106.55-70
New York	47.34-40	—	21.09-11	3.0490-0615	1.947-950	44.24-28	50.40-60
Paris	224.22-72	4.7265-7365	—	14.458-488	9.224-244	208.95-9.45	239.30-80
Brussels	15.49-53	32.67-72	6.89-92	—	65.72-88	14.46-49	16.52-57
London	4.11-4.12	1.9495-9505	9.23-24	65.80-70	—	4.40-41	3.855-885
Amst'dam	107.185-215	2.2582-262½	47.20-85	6.8155-8205	4.40½-41½	—	114.445-465
Zurich	93.789-881	1.9762-62	41.718-756	8.0488-0536	3.8552-89	87.378-559	—

U.S. $ in Toronto U.S. $=110.72-75 Canadian cents.
Canadian $ in New York=90.28-31 cents. U.S. $ in Milan 868.50-867.00.
Sterling in Milan 1,690.50-1,691.00.

EURO-CURRENCY INTEREST RATES*

Jan. 31	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W. German mark
†Short term	6¾-7	6¼-7¼	6¾-7	5-5½	1⅛-4¾	2½-3⅛
7 days notice	6⅞-7⅛	6⅛-7⅛	6⅞-7⅛	4⅛-4⅞	1⅝-4⅝	2½-3⅛
Month	6⅝-7	6¾-7⅛	7-7⅛	4⅝-4⅞	⅞-⅞	2½-3⅛
Three months	6¾-7⅛	6⅞-7¼	7⅛-7⅝	4⅝-4⅞	¾-⅞	3⅛-3⅛
Six months	7¼-7⅛	7⅝-7⅞	7⅝-7⅞	4⅝-4⅞	1⅛-1⅛	3⅛-3⅛
One year	7⅝-7⅞	7⅝-7⅝	7⅞-8⅛	4⅞-5⅛	1½-2⅛	3⅛-3⅞

Euro-French deposit rates: two-day 9¾-9¾ per cent.; seven-day 10¼-10¾ per cent.; one-month 11½-11¾ per cent.; three-month 13¼-13¾ per cent.; six-month 13¾-13¾ per cent.; one year 13⅝-13⅞ per cent.

Long-term Eurodollar deposits: two years 8-8⅛ per cent.; three years 8⅛-8⅜ per cent.; four years 8⁵⁄₁₆-8⁵⁄₁₆ per cent.; five years 8⅛-8⅜ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.95-7.05 per cent.; three-month 7.15-7.25 per cent.; six-month 7.50-7.60 per cent.; one-year 7.75-7.85 per cent.

* Rates are nominal calling rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Jan. 31	Jan. 30
Gold Bullion (a fine ounce)		
Close	$175½-176¼	$174¾-175¼
Opening	$174¾-175½	$175-175½
Morning fix'g	$176.20 (£89.869)	$175.90 (£90.198)
Aftern'n fix'g	$176.75 (£90.036)	$175.25 (£89.888)
Gold Coin domestically		
Krugerrand	$188½-190¼ ($96¾-97¾)	$188½-190 (£96¾-97¾)
New Sov'gns.	$55½-57½ (£28½-29½)	$55½-57½ (£28½-29½)
Old Sov'rgns	$54-56 (£27¾-28¾)	$54-56 (£27¾-28¾)
Gold Coins (internat'lly)		
Krugerrand	$180¾-182¾ (£92¾-93¾)	$180¼-182 (£92¾-93¾)
N'w Sov'gns	$55-57 (£28¼-29¼)	$55-57 (£28¼-29¼)
Old Sov'gns	$54-56 (£27¾-28¾)	$54-56 (£27¾-28¾)
$20 Eagles	$258¾-261¾	$258¾-261¾

FOREIGN EXCHANGES

Jan. 31	Bank Rate %	Market Rates Day's Spread	Close
New York	6½	1.9465-1.9530	1.9495-1.9505
Montreal	7½	2.1555-2.1635	2.1585
Amsterdam	4½	4.39½-4.42½	4.40
Brussels	7½	65.60-65.85	65.80
Copenhagen	8	11.12½-11.16½	11.12
Frankfurt	3	4.10½-4.13½	4.11
Lisbon	15	77.80-78.80	77.90
Madrid	8	156.85-157.15	157.00
Milan	11½	1,689-1,693	1,690½
Oslo	6	9.98-10.01	9.99
Paris	9½	9.21½-9.24½	9.23
Stockholm	8	9.04½-9.07	9.06
Tokyo	4¼	465-475	470
Vienna	5½	29.45-29.65	29.45
Zurich	1½	3.85-3.88	3.86

‡ Rates given are for convertible francs. Financial franc 65.65-65.75.

OTHER MARKETS

FORWARD RATES

FARMING AND RAW MATERIALS

Suspension of fish tariff urged

By Our Commodities Staff

BRITAIN'S FROZEN food companies, which are suffering through the world-wide move to 200-mile fishing limits, want imported fish to be allowed into the U.K. duty free to alleviate their raw material problems.

A delegation from the U.K. Association of Frozen Food Producers has told Mr. Ted Bishop, Minister of State for Fisheries, that suspension of the EEC tariff on fish imported from third countries would assist processors significantly in the face of present high prices and short supply of demersal white fish species (such as haddock and cod). Denmark has applied to the EEC Commission for such a suspension.

The producers told Mr. Bishop that over the past five years supplies of those fish had dropped from 450,000 tonnes to ...00. Last year alone British landings declined by 39 per cent and at the same time prices rose by 26 per cent.

Of the 19,000 people employed in frozen fish processing about ... are on temporary employment subsidy, they said. "Suspension of the tariff will not solve all the problems but it will help the industry to keep going a little longer."

Soviet meat output target

MOSCOW, Jan. 31.

THE SOVIET Union has raised its target for annual meat production during the 1976-80 five-year plan by 300,000 tonnes to ... tonnes, Western agricultural experts said here.

The rise from 15.6m. tonnes is believed to indicate rising confidence in the livestock industry which last week reported a comparatively healthy 14.8m. tonne output for last year, the experts said.

This compares with 13.6m. tonnes in 1976, a figure which reflected the effects of the disastrous 1975 grain harvest.

Reuter

Stockpile for South Korea

SOUTH KOREA will import soyabeans, natural rubber and other commodities this year to stockpile against possible shortages, government economic sources say, Reuter reports from Seoul.

It plans to import 12,000 tonnes of ..., 25,000 tonnes of soyabeans, 4,000 tonnes of raw ... and 2,000 tonnes of ...

Crucial year for world coffee market

BOCA RATON, Florida, Jan. 31.

THE COFFEE industry faces a crucial year this year with buffer stocks, export quota trigger prices and continued recovery of supply and demand at a stable and acceptable price level key areas of concern, Mr. George Ford, International Coffee Organisation executive Board chairman, said here.

He said that the goal of the organisation is to stabilise the coffee industry.

Consumption and production should rise and prices should stabilise if all goes smoothly, he added.

Mr. Ford said buffer stocks can be considered but not established under the International Coffee Agreement.

An ICO group is studying such stocks and will report to the executive Board on a date which should be known when the Board meets on February 21 in London.

The ICO will later decide whether to modify the International Coffee Agreement to allow a buffer stock to be formed.

He said the value of stockpiles was shown when Brazil's stock, which some sources put at three years export supply, cushioned the impact on output of the 1975 Brazilian frost.

"Without those stocks, prices would have skyrocketed even further," he said.

Mr. Ford said the Brazilian stock is nearly exhausted. "I visited southern Brazil in December and saw great mechanised warehouses, but virtually no coffee.

"Empty warehouses is the price they paid for their part in restraining the price rise."

The ICO group on stockpiles is studying the feasibility of a buffer and its finance. Buffer stock buy and sell prices, the relationship with quota triggers, and size of a stock need to be determined.

The quota trigger price is under consideration and will be reviewed, and may be revised, in September. The present trigger of 78 cents a pound was set just before prices jumped.

Mr. Ford expects a gap between producers and consumer nation ideas on the trigger price, but is optimistic that there will be an agreement.

"The object will be to set prices that are fair to the consumer and remunerative to the producer." But agreement is aggravated by differences in production costs.

Supplies, sharply curtailed since 1975, are recovering. July is crucial as minimum frost damage in Brazil would mean higher output next year, he said.

That is because trees planted after the 1975 frost are nearing commercial productivity.

Recent coffee retail price cuts in the U.K. could raise consumption, but their impact has not yet been felt, Mr. Ford said.

U.K. consumption fell early last year when prices rose and consumers turned to tea.

A battle could develop between soluble and whole-bean coffee producers as automatic coffee-maker promotions try to draw users from soluble coffees to beans.

But coffee promotions are being answered by rising tea promotion, he added.

● The Organisation hopes eventually to issue quarterly import, export, price, and stock statistics soon, Mr. Ford said.

The first such statistics for first-half of last year were released yesterday in London.

Reuter

Oilseeds profitability warning

BY OUR COMMODITIES STAFF

EXCESS CAPACITY, due to poor oilseed harvest in 1976 and last year, was undermining the profitability of the oilseed crushing industry, Mr. J. E. Randag, president, said at the International Association of Seed Crushers congress in Kuala Lumpur yesterday.

There had been an improvement by the 33 per cent. rise in supplies of U.S. soyabeans in the 1977/78 season to 1.65bn. bushels.

"But there is clearly a sizeable amount of excess capacity first to be absorbed before this one year of record oilseed production can be said to provide a firm and permanent basis for further increases in capacities," he added.

Mr. Randag said the UN Industrial Development Organisation (UNIDO) must make sure uneconomic seed crushing projects were in no way promoted in the developing countries.

Uncompetitive seed crushing plants would be underutilised or subsidised, and waste scarce development resources.

He also urged that a UNCTAD commodity price stabilisation arrangement for oils and fats should avoid disrupting existing markets or raising prices artificially, hindering long-term consumption growth.

Compensatory finance schemes, such as the International Monetary Fund scheme or the EEC's Stabex fund, was useful in overcoming foreign exchange problems of developing countries, he said.

But a price stabilisation plan using international funds to buy developing country vegetable oil exports for distribution to developing country importers must be tightly limited to guarantee existing and potential commercial sales would not be displaced, he said.

"It would be essential under such a proposed scheme to ensure that only those countries receive oils who are unable to make purchases on world markets because of limited foreign exchange resources. In this way oil imported under such a scheme would constitute an expansion in total markets, and not merely a replacement of existing ones.

Commenting on sharp price fluctuations in international oilseed markets over the past year, Mr. Randag criticised excessive speculation.

Palm oil expansion

THE PREDICTABILITY of palm oil output compared with annual crops such as soyabeans helped to prevent runaway price inflation on world vegetable oils and fats markets in 1973 and last year, Taib Mahmud, Primary Industries Minister, said, reports Reuter from Kuala Lumpur.

"This feature of long-term supply predictability should not be threatened by more profitable short-term interests," he said at the congress.

He was commenting on the U.S. soya producers' opposition to international funding for new oil palm projects.

"Under our development plan we see a continued role for the expansion of our palm oil development programme as the world supply of vegetable oils and fats will have to expand to meet the growing requirements of an increasing world population," he added.

The development of the Malaysian palm oil refining industry is expected to raise output of locally processed palm oil to nearly 1m. tonnes in 1980.

Tin market recovery accelerates

By John Edwards, Commodities Editor

TIN prices accelerated upwards on the London Metal Exchange yeterday continuing the recent recovery in values.

Standard grade cash tin closed £199 higher at £6,375 a tonne and has moved up £337.5 in the past two days.

The premium of cash tin, over the three months quotation which gained £127.5 to £6,225 yesterday, has widened to £115 emphasising market fears of a supply squeeze developing in the weeks ahead.

Some heavy trade buying at the lower price levels in London and Penang has given the market a steadier undertone following the speculative shake-out that sent values tumbling in the past month.

In La Paz it was revealed that Hugo Banzer, Bolivian President, sent a note to Jimmy Carter, U.S. President, protesting about the rejection by consumers of producing countries demands' for a rise in the International Tin Agreement price ranges.

Mr. Banzer in his letter hoped the U.S. would revise its attitude by the next Tin Council meeting in April. He also expressed concern over reported U.S. plans to release surplus tin from its strategic stockpile.

In Geneva, leading copper consumers Japan, the U.S. and the EEC and an important exporter, Australia, yesterday advocated setting up an inter-governmental producer-consumer body to tackle world problems of over-supply and low prices, reports Reuter.

They supported the concept in differing degrees in speeches at UN meetings on stabilising market supplies and prices of copper.

Changes facing lead industry

THE LEAD industry will experience big technical changes in the next decade, particularly in vehicle batteries.

Market growth will be slower due to cost escalation and higher environmental outlays, a study by the Commodities Research Unit out yesterday forecast.

The shift to low antimony and calcium type minimum servicing batteries in the U.S. will continue, at the expense of the conventional lead battery, which will mean problems for recycling lead scrap.

A profits squeeze for secondary lead producers will be shared by miners where rising capacity will exceed demand.

BAHAMAS POULTRY FARMING

A government with egg on its face

BY NICKI KELLY IN NASSAU

MR. LYNDEN PINDLING, the Bahamas Prime Minister, has called it "the greatest success story in the history of Bahamian agriculture." To his opponents, the government's entry into the business of poultry farming has proved nothing short of disastrous. For after years of self-sufficiency, the islands are in the midst of an acute egg shortage.

The trouble rests with the Bahamas Agricultural Corporation's Hatchet Bay poultry plantation in Eleuthera island. This 2,500-acre farm, American-owned for 40 years, was bought by the government for $3m. three years ago as part of its plan for promoting agricultural self-sufficiency.

Although the farm's profit was only $200,000 over the previous ten years the Prime Minister described Hatchet Bay as a viable operation purchased at an extremely good price.

The terms of the $3m. purchase loan made from one of the commercial banks was not disclosed, but the Opposition warned at the time that the Government was being more idealistic than practical if it thought it could make money under such conditions.

Until the government takeover in March 1975, the farm had supplied 60 per cent. of the domestic market for eggs, as well as providing poultry, milk and ice cream. Several smaller farms supplied the remainder of Bahamian needs.

In December, 1975, a Bahamian was named general manager of Hatchet Bay. He was a long-time supporter of the governing Progressive Liberal Party and had worked for 10 years with several Bahamian-based banks before taking over the farm.

The first signs of trouble surfaced less than a year later after the foreign management staff was dismissed. Despite government statements about Hatchet Bay's profitability, there were reports of thousands of chickens dying from disease and overcrowding. Last March 20,000 chicks imported from Florida suffocated aboard the aircraft bringing them in after Bahamian customs officials refused to clear them because the farm had failed to pay the import duty.

The five-hour delay produced a $24,000 loss for the Agricultural Corporation. At almost the same time U.S. suppliers began cutting off credit because of outstanding debts of nearly $500,000.

The government's only response to allegations of waste and mismanagement came from the Prime Minister at the opening of Hatchet Bay's new poultry processing plant in May. It was when he remarked on the farm's great success. Ironically, the processing plant was forced to close a few days later when Hatchet Bay's chickens had all died. According to farm sources, the Corporation lacked funds to import more chicks from Florida.

By mid-1977, eggs were no longer to be found on the shelves in grocery stores as tourist-filled hotels snapped up all available supplies. Poultry was also in short supply. Because eggs are pricecontrolled, food store operators have asked the government to lower protective tariffs from the maximum 60 cents a dozen to the minimum 5 cents so that foreign eggs can be imported without loss. The requests have been ignored.

Late last August, following the PLP's sweeping election victory, the government named a new ... lure admitted that a part of the problem had to do with "certain areas of management" and announced a "broad new programme to expand and revitalise the Hatchet Bay facilities"

The general manager was dismissed the following month. According to the Prime Minister, the Board had lost confidence in his ability to handle the situation. However, little has changed. Eggs are still in short supply as are chickens. Continued feed shortages coupled with inexperienced management are reported to have resulted in the deaths of 27,000 more chickens and losses of at least $500,000 over the past year.

A loophole in the law, which excludes jumbo-sized eggs from price control, has enabled food stores to import these from Florida. But the retail price, after payment of the maximum tariff, cargo insurance, freight and import duty is $1.69 for what would be a 70 cent carton in the U.S.

Informed sources say it will take at least $1m. to put Hatchet Bay back on its feet. The Agriculture Corporation has yet to produce any financial statements or terms of the purchase loan, although interest charges are estimated at $300,000 annually. Meanwhile, rather than risk total collapse, the government is said to be negotiating for a Miami-based poultry company to run the operation.

Grain intervention problems

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE Intervention Board purchased 6,950 tonnes of grain between January 1 and last Friday, says the Home-Grown Cereals Authority, which operates the system.

During the same period 791 tonnes offered were rejected for not being up to intervention standards.

A major reason for rejection is moisture content. The maximum level is 15 per cent. and EEC regulations say that it must be checked by an oven test which takes an hour or more.

To save time a test is made with an "instant" meter and if it shows 14.5 per cent. the load is accepted.

It is then put to an oven test and it is on the oven test that the calculation for payment is made.

The problems of delivering barley within narrow limits can be illustrated by the experience of delivering about 100 tonnes of barley from my farm to a compounding mill.

The 11 loads individually tested returned moisture readings varying from 13.5 per cent. to 15.5 per cent. with an average of 14.5 per cent., with three loads over 15 per cent.

The grain had been dried down to 14 per cent. and portions of the bulk must have absorbed moisture in the silos.

It underlines the need for those delivering grain to make certain that it meets the moisture criterion. If not the offerer will be liable for the cost of the return transport.

The Home-Grown Cereals Authority says offerings have fallen off this week probably because of uncertainty about the "green pound" and the fact that prices will rise next month.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange after a day of good two-way trading although there were no fresh features on the market. Forward metal opened at £644.5 after an even performance in New York overnight and thereafter traded in a narrow range of £644-647 before closing on the Kerb at ... Turnover 12,980 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £630.5, three months £646, 5, 4.5, 4, 3.5, 4. Cathodes, three months £634. Kerb: Wirebars, cash £631, three months £644. Afternoon: Wirebars, three months £643, 3.5, 5, 4.5, 5. Kerb: Wirebars, cash £634, three months £647, 6.5, 7, 6.5, 6, 5.

TIN—Stronger with the market for forward metal initially higher at £6,140 after gains in the East overnight. Steady buying throughout the day, with short covering and covering against physical business prominent, pushed the market to a high for the day of £6,225. There was also heavy buying from one particular quarter. The backwardation widened. But profit-taking on the late Kerb pared gains and the close was £6,170. Turnover 2,285 tonnes.

[illegible]

LEAD

[illegible]

ZINC

[illegible]

Index Limited 01-351 3466. Three month Lead 325½-329½

... Lamont Road, London SW10 0HS.

LEGAL NOTICES

[illegible]

... must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 24th day of February 1978.

SILVER

[illegible]

COCOA

[illegible]

JUTE

[illegible]

... Calcutta goods steady. Quotations c and f U.K. for Jan. shipment: 10-oz 40-inch £10.30, 7½-oz £7.98 per 100 yards; Feb. £10.60, £8.09, March £10.70, £8.07. B twills ... for the respective shipment periods. Yarn and cloth prices firm.

COFFEE

After early firmness Robustas slipped in face of trade selling, Drexel Burnham reported ...

[illegible]

GRAINS

[illegible]

COTTON

[illegible]

RUBBER

SLIGHTLY STEADIER opening on the London physical market. Fair interest throughout the day closing quiet. Lewis and Peat reported that Malaysian godown price was 261 (same) cents a kilo (buyer, February).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

Veal: Dutch hinds and ends 94.0 to 98.0.

Lamb: English small 30.0 to 55.0, medium 47.0 to 52.0, heavy 34.0 to 46.0; Scotch medium 44.0 to 52.0, heavy 38.0 to 46.0; Imported frozen: NZ PH 42.0 to 43.0, YLs 44.0 to 46.0.

Pork: English, under 100 lbs 36.0 to 42.0, 100-120 lbs 34.0 to 41.0, 120-160 lbs 35.0 to 41.0.

Hares: English, large, 100.0 to 200.0 each.

[illegible]

MEAT COMMISSION—Average fatstock prices representative markets Jan. 31: GB cattle 62.57p per kg.l.w. (+2.06); U.K. sheep 130.2p per kg.est.d.c.w. (−0.9); GB pigs 59.6p per kg.l.w. (+0.6). England and Wales—Cattle numbers down 17.1 per cent., average 63.60p (+1.95); Sheep up 6.3 per cent., average 130.3p (−1.0); Pigs up 1.1 per cent., average 59.5p (+0.6). Scotland—Cattle down 10.3 per cent., average 63.58p (+2.22); Sheep down 18.7 per cent., average 125.5p (+2.5); Pigs down 13.1 per cent., average 61.0p (+1.0).

Higher U.K. sheepmeat output likely

By Our Commodities Staff

U.K. SHEEP slaughterings this year are expected to be substantially higher than last year, says the Meat and Livestock Commission.

In its latest Market Outlook report the commission puts slaughterings at 11.35m., compared with 10.18m. last year. It attributes the expected rise of slaughterings to a resumption of the usual marketing pattern, with a much lower carryover to next year than from last year to this. In 1976 11.07m. sheep were slaughtered.

In the final quarter last year slaughterings of sheep, other than ewes and rams, totalled 2.83m., compared with 3.24m. in the same quarter of 1976.

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

VEGETABLE OILS

[illegible]

U.S. Markets

Sugar eases as precious metals firm

NEW YORK, Jan 31.

PRECIOUS metals closed firm on speculative concern on President Carter's gasoline rationing plan. Copper held steady on light arbitrage buying. Sugar eased on hedge selling in light volume. Grains eased on commercial hedge selling coupled with Commission House liquidation. Coffee eased on trade selling, reports Bache.

Cocoa—March 133.00 (133.45), May 123.05 (123.00), July 119.95, Sept. 117.50, Dec. 114.50, March 112.05, May 110.65. Sales, 802.

Coffee—"C" Contract: March 190.00 (192.00), May 170.50 (172.75), July 158.00, Sept. 151.50-152.50, Dec. 135.00-135.00, Mch. 124.00-126.00, May unquoted. Sales, 415.

Copper—Feb. 57.60 (57.40), March 58.00 (57.80), April 58.50, May 59.00, July 60.00, Sept. 60.90, Dec. 62.30, Jan. 62.60, March 63.70, May 64.60, July 65.60, Sept. 66.60, Dec. 68.00. Sales, 2,500.

Cotton—No. 2: March 55.78-55.65 (55.65), May 56.50-56.55 (56.69), July 57.75-57.84, Oct. 58.60, Dec. 59.10-59.20, March 59.50-60.10, May 60.10-60.80, July 60.50-61.50. Sales, 525,000 bales.

*Gold—Feb 176.60 (174.20), March 177.70 (175.40), April 178.90, June 181.30, Aug. 184.10, Oct. 186.70, Dec. 189.40, Feb. 192.20, April 195.20, June 198.20, Aug. 201.20, Oct. 204.20, Dec. 207.30. Sales, 6,000.

†Lard—Chicago loose 21.00 (same). New York prime steam 22.50 traded (same).

[illegible]

STOCK EXCHANGE REPORT

Markets subdued again but equities close above worst

Index down 3.0 at 467.0 after 464.5—Properties weak

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan. 16	Jan. 26	Jan. 27	Feb. 7
Jan. 30	Feb. 9	Feb. 10	Feb. 21
Feb. 13	Feb. 23	Feb. 24	Mar. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets made another drab showing yesterday with further widespread falls in all the main sectors. British Funds opened slightly firmer on better-than-expected news overnight about the U.S. economy, but lack of follow-through support left a further broad list of net falls, generally to ¼, and the Government Securities index shed 0.23 for a four-day loss of 1.18, or 1½ per cent., at 75.61.

Sentiment continued to be adversely affected by the growing pressures on the Government's pay guidelines following the addition of the railmen and gasworkers to the already lengthy line-up for hefty rises in the public sector. To-day's start of the tanker drivers' overtime ban and work to rule continued to overshadow the market, while the CBI's latest survey of industrial trends did nothing to brighten the atmopshere.

Leading equities were looking set to repeat the previous day's performance, but the leaders rallied from early falls to close well above the worst in places. The late improvement was largely technical but owed something to some good investment buying for the engineering majors which have under-performed the market recently.

As on Monday, the bulk of the day's falls in the equity leaders had been registered in the early trade with the FT 30-share index recording a loss of 5.2 at 11 a.m.; the day's lowest was at noon when the index was 5.5 down, but the subsequent rally left a net fall of 3 points at 467.0. Second-line stocks failed to participate in the late improvement as reflected in the near 6-to-1 majority of falls over rises in all FT-quoted Industrials.

Widespread falls in the FT-Actuaries equity indices were usually limited to around 1 per cent., the All-share being 0.9 per cent. off at 203.94—just over 10 per cent. below its 1977-78 high recorded last October. The imposition of new regulations on the dispensing of medicines left the Pharmaceutical index 1.6 per cent. down at 247.56, while uncertainty in the Property market engendered by differing opinions about the House of Lords decision in the Fitzleet Estates v. Inland Revenue case referred to by Lex yesterday left the sector index 2 per cent. off at 283.09.

Official markings yesterday amounted to 6,388.

The U.S. December trade figures were less bad than expected and allayed recent fears about protectionist moves by that country; this led to slightly harder quotations in the early stages for Gilt-edged. Genuine buyers failed to show any real interest, however, and prices ran back to close with losses usually limited to about ¼ at both the long and short end of the market. Trade was again quiet and featureless. The long tap Exchequer 10½ per cent. 1995 shed ¼ further to 27½ for the £30 stock issued at 95 about three weeks ago and yet to be traded other than on a notional basis. Treasury 10½ per cent. 1999 eased ¼ more to 53; the final call due next Monday is for 40 per cent. and not 44 per cent. as mentioned in yesterday's issue.

Firmer initial rates for investment currency were not held and on scattered arbitrage offerings coupled with other small sales, the premium reacted to 72½ per cent. before closing a net 1½ points lower at 73 per cent. Yesterday's SE conversion factor was 0.7701 (0.7568).

Banks friendless

The major clearing Banks remained friendless. In front of going ex- the £96.4m. rights issue to-day, Midland drifted down 4 to 348p, while Barclays ended a like amount easier at 312p. Discounts mirrored the dull trend in gilt-edged securities. Guinness Peat came on offer in Merchant Banks at 208p, down 7, and Mercury Securities closed 5 off at 121p. Sterling Credit gave up 2 to 43p in response to the first-half figures among Hire Purchases.

Quietly dull conditions prevailed in Composite Insurances. Threats of Government sanctions continued to cloud sentiment in Sun Alliance which relinquished 8 more to 541p, after 540p.

Upset by a chart sell recommendation, AP Cement fell 9 to 240p. Elsewhere in Buildings, Tunnel "B" cheapened 8 to 264p and losses of around 6 were recorded in Marchwiel, 242p, John Mowlem, 125p and BPB Industries, 242p. Magnet and Southerns receded 5 to 190p and Comben Group shed 3 to 28p as did Streeters of Godalming to 33p. By way of contrast, buying in belated response to Press comment lifted Nottingham Brick 11 to 227p, after 230p, while Milbury rose 8 to 85p on speculative demand fuelled by bid hopes. Benfield and Loxley hardened 3 to 28p as did Bryant Holdings to 48p.

ICI eased to 339p following adverse comment but picked up late on bear-closing to finish unchanged on the day at 342p.

Elec. Machine down

GEC closed 4 cheaper at 259p, after 255p, but EMI and Plessey both rallied from initial dullness to close unchanged at 182p and 89p respectively. Elsewhere, Electronic Machine fell 2½ to 18½p on the latest loss at the interim stage and statement on prospects. G. H. Scholes were lowered 15 to 280p in a restricted market, while falls of 5 were sustained by Ever Ready, 156p, Louis Newmark, 170p, and Telephone Rentals, 129p. Sound Diffusion encountered further profit-taking and gave up 3 more at 43p. Dealings started in Automated Securities 8 per cent. Convertible Preference shares which closed at 37p premium.

A resilient showing by leading Engineerings owed much to the presence of institutional support which countered routine sales; GKN ended 3 up at 270p and John Brown a penny harder at 272p, after 266p. Hawker picked up 2 to 188p, after 184p. Young Austen and Young bounded to 90p on the approach from Trafalgar House, down 3 at 150p, before settling 16 up on the day at 82p, while West Bromwich Spring finally put on 3 to 37p, after 42p, in response to the capital proposals. Relief over the dividend maintenance (the sharply lower profits had been discounted) caused firmness in Howard Machinery, 2 better at 35p, but many secondary issues were dull. Porter Chadburn were adjusted 6 lower to 110p, Peter Brotherhood shed 5 to 115p and Manganese Bronze reacted to 87p prior to closing a net 3 cheaper at 88p. Tecalemit lost 3½ to 110½p.

George Whitehouse slipped 3 to 90p; in yesterday's issue, the price change should have been shown as up 6½, while the 1977-78 high and low should have been adjusted to 93p and 8½p respectively.

Foods continued on a downward path. Fresh losses in Supermarkets included Nurdin and Peacock, down 4 at 93p, Northern Foods, 3 cheaper at 116p, and Kwik Save, a similar amount lower at 190p. Pork Farms lost 8 to 405p in a restricted market. Confectionery issues gave further ground. Rowntree eased 5 to 365p and Geo. Bassett 4 to 148p, but revived speculative support left Needlers 4 dearer at 32p.

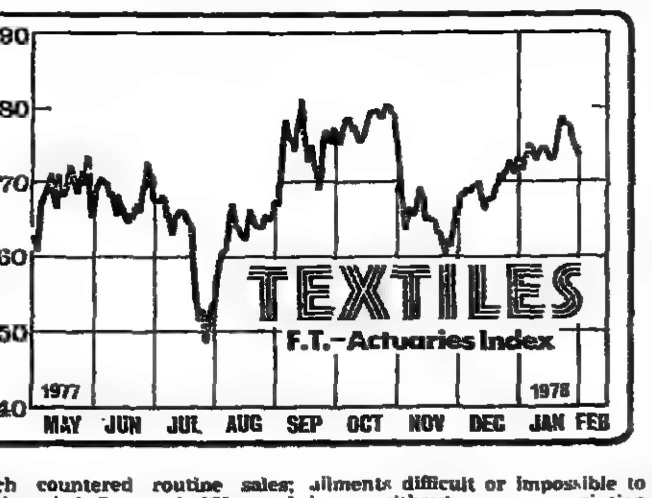
Reed Int. please

Standing a couple of pence firmer in front of the third-quarter figures, Reed International were marked up to 137p on the better-than-expected profits before closing 7 dearer on balance at 135p. Other miscellaneous industrial leaders closed quietly dull. The prospect of new regulations which would make some remedies for minor ailments difficult or impossible to buy without a prescription dampened sentiment in Boots which softened 5 to 206p and prompted sympathetic falls of 10 in Beecham at 630p and Glaxo at 578p. Elsewhere, Press criticism of the Allegheny deal left Wilkinson Match 10 down at 188p, after 187p, while E. Fogarty declined 8 to 112p. Still drawing strength from the good half-yearly results, Sylfone added 5 more at 105p and ICL hardened 2 to 248p in response to the chairman's encouraging remarks at the annual general meeting.

Garages and Distributors succumbed to a further bout of selling. Charles Hurst reacted 3 to 85p and Appleyard Group fell 4 more to 88p, while Heron were 3 cheaper at 105p. Smaller-priced issues to give ground included Hanger Investments, 27½p, and Reynolds, 25p, down 1½ and 2 respectively. Lucas provided the only bright spot in Components, rising 2 to 252p on the acquisition of Ducellier and the deal with Toyota Motor. Dowty remained on offer at 138p, down 7.

North Sea oil-orientated Newspapers were easier and Associated closed 5 off at 323p, while Thomson ended 10 cheaper at 630p. Elsewhere, Associated Paper shed 3 to 51p with the 9½ per cent. Convertible 4 points easier at £99. Recent speculative favourite Wace, lost 5 to 33p.

The Oil majors hardened towards the late evening and British Petroleum, which had been stagnant throughout official trading, ended 2 better at 798p. In similar vein, Shell recouped an early loss of 2 to close that much higher at 494p. Secondary stocks were featured by continued volatility in Oil Exploration, down to 208p before reverting to the overnight level of 218p, and fresh easiness in Lasmo "OPS," which shed 6 to 372p.



Properties sour

A sour tone in Properties followed a Press article about tax and accounting procedures. A defensive mark-down failed to deter sellers and, although most leaders rallied from the lowest in the afternoon, the bulk of secondary issues remained at the worst. Chesterfield fell 16 to 297p and Imry also sustained a double-figure loss at 305p, down 12, while Property Holding lost 9 to 328p and Property Security, a recent speculative favourite, reacted 8 to 136p, after 135p. Bernard Sunley gave up 8 at 202p and, among fairly liberal falls of about 5 or so, Berkeley Hambro slipped to 100p, after 98p. Of the leaders, Land Securities dipped to 209p before recovering to close only 2 cheaper on balance at 213p, MEPC shed 4 to 121p, after 119p, and Stock Conversion retreated 5 to 250p. Town and City, slightly easier at 15½, derived little benefit from confirmation of the sale of its freehold and leasehold interests in Berkeley Square House, for £37.5m. Speculative enthusiasm lingered for Property Investment and Finance, which picked up 2 more at 95p; the unusual exchange deal involving British Land and the company's Ordinary shares was announced late in the evening.

Although Trusts lost ground on a broad front, losses were generally modest. Harcros Investment, however, dipped 9 to 82p on the announcement that the bid from Harrisons and Crosfield (12 down at 350p) had been declared unconditional. Elsewhere, falls of around 3 were sustained by London and Gartmore, 33p, and Winterbottom, 175p, while in Capital issues, City and Commercial, 94p, and M and G, 104p, reacted 5 and 6 respectively.

Quietly dull conditions in the Shipping sector left Furness Withy 5 off at 325p.

Textiles encountered scattered selling. Losses of a few pence were sustained by Vita-Tex, 42p, and Jerome Holdings, 50p, while Blackwood Morton eased 1½ to 27½p following news of the closure of its Canadian manufacturing operation. Among Tobaccos, Bats Deferred eased to 273p on slight disappointment with the annual results before picking up to close unaltered on balance at 228p.

Among Teas, Warren eased 3 to 187p following the half-yearly statement. Longbourne held at 228p; we regret that a suspension sign against the price was shown in error in the Share Information Service yesterday. Elsewhere in Plantations, London Sumatra, currently in receipt of a cash bid of 110p per share from McLeod Russel/Sipef SA, reacted 11 to 112p.

Golds lower

Optimism over the outcome of to-day's International Monetary Fund gold auction took the bullion price up to $175.875 per ounce at the close—a day's gain of 75 cents. South African Golds, however, were restrained by the fall in the investment currency premium and although they picked up a shade in the late trade losses were still sufficient to lower the Gold Mines index by 3.6 to 151.0.

At the close losses in heavyweights ranged to ¾ as in Randfontein, £32¼, and West Driefontein, £17⅝, while falls of a half-point were common to Vaal Reefs and Western Holdings at £11¼ and £15 respectively.

South African Financials drifted in idle trading with sentiment affected by the weakness of Golds and the lower premium. "Johnnies" dropped a half-point at £12¼ and Middle Wits slipped 10 to 160p.

"Amcoal" fell 5 to 450p despite the rise in the price of South African coal sold in the domestic market.

London-registered Financials were featured by Gold Fields, which despite a late rally, closed 4 down on balance at 193p, after 191p. Charter gave up 3 to 128p and Rio Tinto-Zinc 2 to 175p.

Uncertainty over the current settlement talks prompted modest falls in Rhodesians. Falcon Mines were 7 lower at 183p and Rhodesian Corporation lost a penny to 31p.

The decline in overnight domestic markets coupled with lack of interest here caused Australians to lose ground. BH South receded 3 to 69p and Bougainville a similar amount to 67p. Elsewhere, Murchison dropped 10 more to 245p, after 240p, reflecting premium influences.

Mersey dock traffic grows

THE SPECIALISED container terminal in the Royal Seaforth Dock on the Mersey is to receive 15 vessels carying 6,000 units in the next five days, Mersey Docks and Harbour Company said last night.

This increase is due to diversions caused by industrial troubles and congestion in other U.K. and Continental ports. Pressure of work at the nearby grain terminal is keeping bulk carriers 18 miles from the port.

FINANCIAL TIMES STOCK INDICES

—	Jan. 31	Jan. 30	Jan. 27	Jan. 26	Jan. 25	Jan. 24	A year ago
Government Secs.	75.61	75.84	76.19	76.37	76.79	76.87	64.95
Fixed Interest	79.20	79.44	80.28	80.47	80.56	80.70	65.55
Industrial Ordinary	467.0	470.0	477.5	475.6	483.2	483.4	395.9
Gold Mines	151.0	154.6	155.0	162.7	161.0	159.9	95.1
Ord. Div. Yield	5.73	5.69	5.61	5.64	5.57	5.57	5.94
Earnings Y'ld%(full)(*)	17.45	17.34	17.10	17.15	16.97	16.99	18.65
P/E Ratio (net) (*†)	8.12	8.17	8.29	8.25	8.35	[illegible]	7.73
Dealings marked	[illegible]	6,300	5,104	6,012	6,283	6,132	7,912
Equity turnover £m.	—	64.96	83.09	83.84	83.31	83.67	80.38
Equity bargains total	—	12,358	15,890	14,531	14,265	[illegible]	17,443

10 a.m. 468.4. 11 a.m. 464.8. Noon 464.5. 1 p.m. 465.1. 2 p.m. 465.4. 3 p.m. 466.2.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=8.08.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.6 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 31	Jan. 30
—Daily		
Gilt-Edged	218.7	205.2
Industries	219.6	217.4
Speculative	44.2	52.6
Totals	145.4	143.4
5-day Av'rage		
Gilt-Edged	200.0	196.8
Industrials	206.3	204.3
Speculative	50.9	55.9
Total	137.0	135.8

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 24	Feb. 6	Apr. 27	May 10
Feb. 7	Feb. 20	May 11	May 23
Feb. 21	Mar. 6	May 25	Jun. 7

For rate indications see end of Share Information Service

Stocks to attract money for the call included Fitch Lovell, British Land, Wilkinson Match, Tesco, Highland Distilleries, Burmah Oil, Lonrho, Bath and Portland, Geo. Sturla, British Petroleum and Stocklake. Puts were transacted in Coral Leisure, Associated Leisure, Brent Walker and Racal Electronics, while double options were arranged in Fitch Lovell, GEC, Racal Electronics and Bath and Portland.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (17)

BUILDINGS (4)
Benfield & Loxley; Milbury; Bryant Hldgs.; Nottingham Brick

CINEMAS (1)
Green Group

ELECTRICALS (1)
Bulgin (A. F.)

ENGINEERING (2)
West Bromwich Spring; Young Austin & Young

HOTELS (1)
Norfolk Cap.

PAPERS (1)
Olives Paper Mill

PROPERTY (1)
Prop. Inv. & Fin.

TEXTILES (2)
Highams; Tomkinsons

TRUSTS (1)
N.Y. & Gartmore

RUBBERS (3)
Anglo-Indonesian; Bradwall; Bird (Africa)

NEW LOWS (5)

AMERICANS (1)
Kaiser Aluminium

BUILDINGS (1)
Mears Bros.

TRUSTS (2)
Jardine Japan; Tribune Inv.

MINES (1)
Zambia Copper

MONTHLY AVERAGES OF STOCK INDICES

—	Jan.	Dec.	Nov.	Oct.
Financial Times				
Govnmnt. Secs.	77.16	76.55	76.96	77.66
Fixed Interest	80.70	78.96	78.38	79.35
Industrial Ord.	482.3	481.8	480.4	511.9
Gold Mines	145.1	158.9	144.0	152.0
Dealings mkd.	5,787	5,389	6,100	5,917
F.T. Actuaries				
Indust. Grp.	208.75	205.53	202.68	217.16
500-Share	228.32	228.47	227.21	241.80
Financial Grp.	173.32	168.16	162.50	178.37
All-Share (650)	211.99	211.56	208.92	225.09
Red. Debs	63.14	61.23	62.17	62.30

	High	Low
Industrial Ord.	497.3 (6th)	467.0 (31st)
All-Share	217.99 (5th)	[illegible] (31st)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	65	8
Cps. Dom. and Foreign Bonds	7	13	46
Industrials	100	[illegible]	[illegible]
Financial and Prop.	16	325	[illegible]
Oils	2	11	19
Plantation	3	8	29
Mines	4	[illegible]	[illegible]
Recent Issues	5	15	34
Totals	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BATs Deferred	25p	11	228	—	260	202
ICI	£1	11	342	—	446	325
BP	£1	9	798	+2	[illegible]	776
GEC	25p	9	259	−4	284	163
Rank Organisatn.	25p	9	244	−4	276	128
Shell Transport	25p	9	494	+2	635	454
Boots	25p	8	206	−5	244	115
European Ferries	25p	8	108	−3	116	53½
Grand Met.	50p	8	98	—	109	62
Royal Insurance	25p	8	393	−3	490	250
Beecham	25p	7	630	−10	693	372
Brown (J.)	£1	7	272	+1	280	98
Cons. Gold Fields	25p	7	193	−4	224	137
Courtaulds	25p	7	121	−1	135	89
Marks & Spencer	25p	7	140	−3	173	[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Columns: Tues., Jan. 31, 1978 (Index No.; Day's Change %; Est. Earnings Yield % (Max.) (Corp. Tax 52%); Gross Div. Yield % (ACT at 34%); Est. P/E Ratio (Net) (Corp. Tax 52%)); Mon. Jan. 30 Index No.; Fri. Jan. 27 Index No.; Thurs. Jan. 26 Index No.; Wed. Jan. 25 Index No.; Year ago (approx.) Index No.

[illegible]

FIXED INTEREST PRICE INDICES

British Government: 1 Under 5 years; 2 5-15 years; 3 Over 15 years; 4 Irredeemables; 5 All stocks — columns: Tues. Jan. 31; Day's change %; xd adj. To-day; xd adj. 1977 to date.

[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red. — 1 Low Coupons 5 years, 15 years, 25 years; 4 Medium Coupons 5 years, 15 years, 25 years; 7 High Coupons 5 years, 15 years, 25 years; 10 Irredeemables — columns: Tues. Jan. 31; Mon. Jan. 30; Year ago (approx.).

[illegible]

		Tuesday, Jan. 31 Index No.	Yield %	Monday Jan. 30	Friday Jan. 27	Thurs. Jan. 26	Wed. Jan. 25	Tues. Jan. 24	Monday Jan. 23	Friday Jan. 20	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

[illegible]

G.T. Unit Managers Ltd.♥
16, Finsbury Circus EC2M 7DD.

G.T. Cap. Inc.	78.5	[illegible]	[illegible]
Do. Acc.	[illegible]	[illegible]	[illegible]
G.T. Inc. Fd. Un.	[illegible]	[illegible]	[illegible]
G.T. U.S. & Gen.	[illegible]	[illegible]	[illegible]
G.T. Japan & Gen.	[illegible]	[illegible]	[illegible]
G.T. Int'l. Fund	104.4	111.0	[illegible]
G.T. Four Yds.Fd.	55.2	58.7	[illegible]

♥G. & A. Trust (a) (g)
5, Rayleigh Rd., Brentwood

G. & A.	30.2	32.3	-0.3

CLIVE INVESTMENTS LIMITED

Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 24th January, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	135.06
Clive Fixed Interest Income	124.73

CORAL INDEX: Close 465-470

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4½%
† Vanbrugh Guaranteed	6.68%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

A.B.N. Bank	6½%	C. Hoare & Co. †	6½%
Allied Irish Banks Ltd.	6½%	Julian S. Hodge	7½%
American Express Bk.	6½%	Hongkong & Shanghai	6½%
Amro Bank	6½%	Industrial Bk. of Scot.	6½%
A P Bank Ltd.	8½%	Keyser Ullmann	6½%
Henry Ansbacher	6½%	Knowsley & Co. Ltd.	9 %
Banco de Bilbao	6½%	Lloyds Bank	6½%
Bank of Credit & Cmce. ‖	6½%	London & European	8½%
Bank of Cyprus	6½%	London Mercantile	6½%
Bank of N.S.W.	6½%	Midland Bank	6½%
Banque Belge Ltd.	6½%	■ Samuel Montagu	6½%
Banque du Rhone	7 %	■ Morgan Grenfell	6½%
Barclays Bank	6½%	National Westminster	6½%
Barnett Christie Ltd.	8½%	Norwich General Trust	6½%
Bremar Holdings Ltd.	7½%	P. S. Refson & Co.	6½%
Brit. Bank of Mid. East	6½%	Rossminster Accept'cs	6½%
Brown Shipley	6½%	Royal Bk. Canada Trust	6½%
Canada Permanent AFT	6½%	Schlesinger Limited	6½%
Capitol C & C Fin. Ltd.	9 %	E. S. Schwab	8½%
Cayzer Ltd.	7 %	Security Trust Co. Ltd.	7½%
Cedar Holdings	8 %	Shenley Trust	9½%
Charterhouse Japhet	6½%	Standard Chartered	6½%
C. E. Coates	7½%	Trade Dev. Bank	6½%
Consolidated Credits	6½%	Trustee Savings Bank	6½%
Co-operative Bank *	6½%	Twentieth Century Bk.	7½%
Corinthian Securities	6½%	United Bank of Kuwait	6½%
Credit Lyonnais	6½%	Whiteaway Laidlaw	7 %
The Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
Duncan Lawrie ¶	6½%	Yorkshire Bank	6½%
Eagil Trust	6½%		
English Transcont.	8 %		
First London Secs.	6½%		
First Nat. Fin. Corpn	8½%		
First Nat. Secs. Ltd.	8 %		
Antony Gibbs	6½%		
Greyhound Guaranty	6½%		
Grindlays Bank ‡	6½%		
Guinness Mahon	6½%		
Hambros Bank	6½%		
Hill Samuel §	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3¾% and over £25,000 4¼%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.
‖ 7-day deposits 3½%. Rates for Term Deposits over £1,000 negotiable.

RESIDENTIAL PROPERTY

ART GALLERIES

OFFSHORE AND OVERSEAS FUNDS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	95⅝	Treasury 9pc 1978‡‡	100⅝	.....	8.97	5.82
104	97	Treasury 10½pc '78‡‡	102		10.26	5.25
100	90	Exch. 5pc '76-78‡‡	99⅝		5.02	5.57
107	95	Treasury 11½pc '79‡‡	104	+⅛	11.00	7.14
97¼	84	Treasury 3pc '79‡‡	95⅝		3.15	6.19
98¾	85¼	Electric 4½pc '74-79	96⅛		4.42	6.76
106	92	Treasury 10½pc '79‡‡	103	–	10.15	8.30
97⅞	84⅞	Electric 3½pc '76-79	95	–⅛	3.68	6.50
107	87¾	Treasury 9pc 1980‡‡	101½xd	–⅛	8.90	8.42
105¼	88	Treasury 9½pc '80‡‡	101½	–⅛	9.36	8.76
96	82	Treasury 3½pc '77-80	93¾	–⅛	3.73	6.38
99¼	85	Funding 5½pc '78-80‡‡	94⅝	–⅛	5.55	7.77
112	96	Exchequer 13pc 1980‡‡	107⅞	–	12.05	9.71
103	92	Treasury 11½pc 1981‡‡	104½	–	11.01	9.70
94	77	Treasury 3½pc 1979-81	90¾xd	–⅛	3.86	6.93
104	86	Treasury 9¾pc 1981‡‡	99⅞	–	9.76	9.79
97	95	Exch. 8¼pc 1981	95⅞	–	8.61	9.70
103	97	Exch. 9½pc 1981	99xd	–	9.55	9.73
92½	87	Exch. 3pc 1981	87¾xd		3.42	6.96
98¾	95	Treas. Variable '81‡‡	96½	+⅛	6.50	7.32
113	96	Exch. 12¾pc 1981‡‡	108½	–	11.75	9.99
106	82	Treas. 8½pc '80-82‡‡	96⅝		8.80	9.54
93	71⅝	Treasury 3pc '82‡‡	85xd		3.53	7.36
119	101	Treasury 14pc '82‡‡	112¾	–¼	12.42	10.14
95½	95	Treas. Variable '82‡‡	95	+⅛	6.54	7.35
98	95	Treasury 8¼pc '82	94½	–	8.73	9.81
102	95	Exch. 9¼pc 1982	97½	–⅛	9.49	9.93
		Five to Fifteen Years				
87	81¼	Exch. 3pc '83	81½xd	–⅛	3.67	7.42
114	95	Treasury 12pc 1983‡‡	112⅛	–⅛	11.13	10.02
101	96	Treasury 9½pc '83	97⅛	–⅛	9.56	10.04
95	72⅝	Funding 5½pc '82-84‡‡	87¼	–⅛	6.32	8.31
100¾	77	Treasury 8½pc '84-86‡‡	94¾	–⅛	9.02	9.51
87	66	Funding 6½pc '85-87‡‡	85¼	–⅛	7.77	9.17
94	65½	Treasury 7¾pc '85-88‡‡	87½	–⅛	8.91	9.82
74	49	Transport 3pc '78-88	65¾	–¼	4.58	7.93
76	55	Treasury 5pc '86-89	72	–¼	7.05	9.09
121	90	Treasury 13pc 1990‡‡	111½	–¼	11.72	11.31
96¾	67	Treasury 8¼pc '87-90‡‡	86¾	–¼	9.63	10.32
112	89	Treasury 11¾pc 1991	102	–¼	11.53	11.46
76½	53¾	Funding 5¾pc '87-91‡‡	72½	–¼	8.19	9.82
118	86	Treasury 12¾pc '92‡‡	108	–¼	11.78	11.59
96	89	Treasury 10pc 1992	90½xd	–¼	10.98	11.29
115	89½	Exch. 12¼pc '92	104xd	–¼	11.69	11.57
		Over Fifteen Years				
116½	84	Treasury 12½pc '93‡‡	106	–¼	11.76	11.62
73	51⅛	Funding 6pc 1993‡‡	69	–¼	8.91	10.25
126	96	Treasury 13¾pc 1993‡‡	116	–¼	12.09	11.80
129	99	Treasury 14½pc '94‡‡	118⅜xd	–¼	12.24	11.78
114½	94	Exch. 12½pc 1994	105xd	–¼	11.81	11.71
96	66	Treasury 9pc '94‡‡	87⅛	–¼	10.56	10.95
110	97	Treasury 12pc '95	103xd	–¼	11.68	11.62
51	32	Gas 3pc '90-95	49⅞	–⅛	6.11	8.78
30	27	Exch. 10¼pc '95 (£30pd)	27	–⅛	11.10	11.27
120	87	Treasury 12¼pc '95‡‡	110	–¼	11.83	11.69
92	66	Treasury 9pc '92-96‡‡	87	–¼	10.69	11.03
133	101	Treasury 15¼pc '96‡‡	127	–¼	12.30	11.98
124	89	Exchequer 13¼pc '96‡‡	113	–¼	11.95	11.76
50	31	Redemption 3pc 1986-96	48	–⅛	6.38	8.85
122	87	Treasury 13¼pc '97‡‡	111	–¼	11.92	11.77
98	90	Exchequer 10½pc 1997	92½xd	–¼	11.28	11.40
89	64	Treasury 8¾pc 1997‡‡	81½xd	–¼	10.70	11.04
72	50	Treasury 6¾pc '95-98‡‡	66	–¼	10.05	10.76

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

1977-78 High	Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
34	20	Manf. Han. US$7.50	21xd	–	$1.92	—	5.0
48	26	Morgan (JP) US$2.5	27xd	–	$2.36	—	4.2
17¼	12	Norton Simon Inc $1	12xd	–	76c	—	3.5
25	13	Owens-Ill. $3.125	14	–	h$1.06	—	4.2
22	14	Quaker Oats US$5	14xd		$1.04	—	4.0
21	14½	Reliance $0.25	16	+	15c	—	—
24	16¼	Rep. N.Y. Corp. $5	18		$1.00	—	3.5
16⅝	10	Rexnord $5	11xd	–	80c	—	4.0
22	14	Richdson.-Merrll $1¼	14xd	–	90c	—	3.5
406p	247p	Saul (B. F.) $1	267p	+3	—	—	—
33⅝	18	Shell Oil $1	19	–	h$1.60	—	4.7
20	11	Singer ($10)	12⅞	–	60c	—	2.6
36	22	Sperry Rand $0.50	22xd		$1.12	—	2.8
33	18	TRW Inc $1¼	18	–	$1.60	—	4.8
31⅝	18	Tenneco	18⅞	+	$2.00	—	6.0
151	133	Do. 10% Ln. Stk. 91-95	136	+1	10%	—	7.4
14½	505p	Tesoro Pt. US$0.16⅔	533p	–11	$1.00	—	10.6
24	16	Texaco $6.25	17	–	$2	—	6.6
31	22	Time Inc.	23		$1.30	—	3.1
13	865p	Transamerica $1	925pxd	–18	80c	—	4.9
34	21¼	Utd. Tech. $US5	22¾	+	$2.00	—	5.0
41¾	19	U.S. Steel $1	21xd	–	$2.20	—	5.8
19¼	938p	Vetco $0.50	14xd	.....	20c	—	0.8
22	11	Woolworths $3½	12xd	–	$1.40	—	6.6
49½	28⅞	Xerox Corp. $1	29xd	–	$1.60	—	3.0
13	385p	Xonics Inc. 10c	458p	.....	7½c	—	0.9
12¾	758p	Zapata Corp. 25c	11xd	–⅛	s30c	—	1.5

S.E. List Premium 29¾% (based on $US1.9522 per £)

Conversion factor 0.7701 (0.7568)

CANADIANS

S.E. List Premium 29¾% (based on $2.1628 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
195	70	Falcon Rh 50c	183	-7	Q50c	1.3	25.6
24	9	Rhod'n Corp. 16½p	21	-1	0.57	4.3	4.1
165	52	Roan Cons. K4	60	+3	—	—	—
164	115	Tanganyika 50p	134	......	Q11.0	1.1	8.2
80	70	Do. Pref. 80p	78	......	Q9%	16.4	9.2
42	27	Wankie Col. Rh 1	37	-1	Q7½c	1.4	17.3
27½	10½	Zam.Cpr.SBD0.24	10½	-½	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	12	......	—	—	—
127	57	Bougainville 50 Toea	67	-3	Q10c	1.5	9.5
128	69	BH South 50c	69	-3	—	—	—
325	119	Conzinc Riotinto 50c	165	-5	Q9c	2.3	3.4
65	18	G.M. Kalgoorlie $1	58	-2	—	—	—
112	77	Hampin Areas 5p	92	-1	1.45	4.1	2.4
35	10	Metals Ex. 50c	13	......	—	—	—
242	125	M.I.M. Hldgs. 50c	127	-4	Q9c	1.7	4.4
105	10	Mount Lyell 25c	21	......	—	—	—
2¾	1	Newmetal 10c	2	......	—	—	—
120	79	North B. Hill 50c	88	-1	Q8c	1.5	5.6
12	4½	Nth. Kalgurli	8½	-½	—	—	—
144	87	Oakbridge $A1	137	-3	Q11c	1.9	5.0
55	20	Pacific Copper	34	......	—	—	—
£13	575	Pancont'l 25c	775	-25	—	—	—
19	8	Paringa M&Ex 5p	13	......	—	—	—
555	345	Peko-Wallsend 50c	398	-7	Q15c	4.0	2.3
—	—	Poseidon 20c	75s	......	—	—	—
164	87	Westn. Mining 50c	87	-2	Q6c	1.4	4.3
75	40	Whim Creek 20c	40	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	30	......	2.51	1.6	12.7
395	240	Ayer Hitam $M1	255	......	Q416.7c	0.9	35.1
57	25	Berali Tin	51	......	3.75	2.3	11.1
260	155	Berjuntai $M1	205	......	‡Q60c	ϕ	‡
570	260	Geevor	450	+5	†18.15	3.4	6.1
13	8	Gold & Base 12½p	10	......	—	—	—
325	190	Gopeng Cons.	265xd	......	13.2	1.9	7.5
145	72	Hongkong	145	......	—	—	—
100	60	Idris 10p	90xd	......	9.14	1.0	15.4
10½	7	Jantar 12½p	10	......	—	ϕ	—
85	30	Kamunting $M0.50	70	......	2Q15.5c	0.7	4.8
490	260	Killinghall	450	......	Q125	ϕ	27.8
310	217	Malay Dredging $M1	285	......	Q95.5c	ϕ	7.2
46	40	♦Pahang	45	......	†Q2.5	0.5	5.6
70	50	Pengkalen 10p	55xd	......	5.58	1.3	15.4
215	133	Petaling $M1	170	......	mQ12½c	10.9	1.6
90	35	Saint Piran	54	......	g1.99	ϕ	5.6
73	55	South Crofty 10p	55	......	b4.12	1.5	11.4
210	77	South Kinta $M0.50	145	......	tQ77.8c	1.4	11.5
305	148	Sthn. Malayan $M1	245	......	tQ131.3c	1.1	11.5
160	57	Sungei Besi $M1	142	......	—	—	—
160	19	Supreme Corp. $M1	60	......	ZQ10c	—	3.6
102	42	Tanjong 15p	100xd	......	6.25	ϕ	9.3
95	45	Tongkah Harb. $M1	74	......	[illegible]	1.6	16.5
205	93	Tronoh $M1	158	......	ZQ30c	2.0	4.1

COPPER

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
198	84	Messina R0.50	90	......	‡Q30c	1.9	‡

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
9½	6	Burma Mines 17½p	9	......	—	—	—
115	58	Colby Mines $C1	79	......	—	—	—
600	225	Cons. Murch. 10c	245	-10	Q30c	ϕ	‡
475	250	Northgate C$1	260	-5	...	—	—
247	173	R.T.Z.	176	-2	18.5	q3.1	7.3
70	28½	Sabina Ind. C$1	38	......	—	—	—
£14¼	800	Tara Expln. $1	800	......	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	......	Q7c	ϕ	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

[illegible]

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	23	Tube Invest.	30
A.P. Cement	13	"Imps"	7	Unilever	40
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	10	Inveresk	7	Vickers	15
Barclays Bank	25	K.C.A.	5	Woolworths	6
Beecham	38	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	5
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	5	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	18
Burton 'A'	13	Lonrho	7	MEPC	12½
Cadburys	5	Lucas Inds.	25	Peachey	10
Courtaulds	10	Lyons (J.)	13	Samuel Props.	10
Debenhams	10	"Mams"	7	Town & City	2
Distillers	13	Mrks. & Spncr.	11	**Oils**	
Dunlop	8½	Midland Bank	25	Brit. Petroleum	35
Eagle Star	11	N.E.I.	20	Burmah Oil	7
E.M.I.	15	Nat. West. Bank	22	Charterhall	3½
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	15	P&O Dfd.	10	Ultramar	22
Glaxo	40	Plessey	9	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	18	Rank Org. 'A'	18	Cons. Gold	20
Guardian	18	Reed Intl.	14	Rio T. Zinc	16
G.K.N.	22	Spillers	4		
Hawker Siddl.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday February 1 1978

Lorry pay deals put pressure on rail union

By Christian Tyler, Labour Editor

THE SPREAD of 15 per cent. pay deals in road haulage threatens to complicate the negotiations that began yesterday for 177,000 railwaymen.

With 10,000 lorry driver members looking for a settlement outside Government guidelines from the National Freight Corporation, the National Union of Railwaymen, the largest rail union, is under extra pressure this year.

Yesterday's rail talks opened a week of negotiations involving the big battalions of the public sector, steelworkers, miners, power workers and shipyard workers, and ending with the engineering industry, in the private sector, on Friday.

Manual unions in the gas industry were yesterday made an improved 9.5 per cent. offer, just within the Government's earnings limit. They had rejected a deal worth 8.9 per cent. overall.

Of the three rail unions, the NUR at least intends to bide its time. With the present agreement expiring at the end of April, it will wait to see how the miners and power workers tackle the Government's ceiling.

It tabled a claim for a "substantial" increase, to include consolidation of the supplements from the two years of TUC-Government pay policy, and restoration of differentials. It also wants to be able to reopen the agreement within 12 months if the award is eroded by inflation.

Detailed claim

The much smaller but more militant footplatemen's union, ASLEF, yesterday made a detailed submission following the lines of a claim last autumn drawn up as Phase Two expired.

This demand is for £30 a week on the pre-pay policy basic rate of a driver of £53.10, giving a new basic almost as high as current average earnings.

Mr Ray Buckton, general secretary, gave a warning last night that unless the Government gave British Rail the freedom to negotiate rates appropriate to skill and responsibility there would be a walk-out of trained men and "chaos in the industry."

ASLEF is again pressing hard to recover the position it won from a 1974 arbitration award, and which it says has been lost because of incomes policy.

Following yesterday's preliminaries, the rail unions expect within a week British Rail proposals for a self-financing productivity scheme, which could by-pass a collision with the Government rules. But Mr. Buckton said that would have to be an across-the-board payment, on basic rates.

Ministers back plan for special oil fund

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PROPOSALS for a special Government fund to use North Sea oil revenue are attracting significant support from members of the Cabinet.

This is in contrast to a few weeks ago when the proposals appeared to have little backing.

The question of whether the fund's revenue might be used for additional public spending or cutting taxes is still undecided.

The final shape of the Government White Paper on the use of North Sea oil revenue is now being discussed by the Cabinet, and the document is likely to be published between the middle and end of this month.

Jobs boost

The main emphasis will be on the need to avoid "frittering" away the benefits in higher personal consumption but to take the opportunity to strengthen industry and boost employment.

The White Paper is likely to form the heart of the Labour election manifesto and the drafting reflects this, as well as the Prime Minister's desire to avoid Cabinet divisions over differing priorities before an election.

Increasing support for the idea of a special oil fund partly reflects the view that there are electoral attractions in separating the oil revenue and its use from the rest of Government finance.

This could be presented as being consistent with the general theme of not wasting the revenues in a spending spree, but using them positively.

While there was sizeable support for such a fund at last Thursday's Cabinet meeting, the issue is still far from decided.

In talks last November at the TUC-Labour Party liaison committee, the idea was criticised by the main economic ministers and won support principally from Mr. Anthony Wedgwood Benn, Energy Secretary, and from Mr. Jack Jones, retiring General Secretary of the Transport and General Workers Union.

More recently, the plan has received backing from Dr. David Owen, Foreign Secretary, though he and other advocates of a fund are believed not to favour Mr. Wedgwood Benn's preference for using it to boost direct aid to industry.

The White Paper is unlikely to indicate a decision on the issue, since it will mainly list the various options without any specific new policy commitments, though a low priority is likely to be placed on any significant further easing of controls on direct investment overseas.

The main work at present is on deciding the right tone and wording, and considerable redrafting is being carried out, principally by Dr. Bernard Donoughue's Policy Unit, in Downing Street.

The White Paper is likely to emphasise the need for boosting industrial investment and employment, while indicating scope for tax cuts.

Economic growth

This reflects the view of the main economic ministers—that cuting taxes and a commitment to steady growth in the economy as a whole, apart from boosting living standards, will provide a better incentive to higher investment than a large increase in direct aid to industry.

But some emphasis will be placed on the need and intention to improve public services and on the fact that a large part of the required investment in energy will have to be carried out by the State.

But the vie w of the majority of the Cabinet is that the bulk of the revenues—estimated at more than £3bn. a year at current prices by the mid-1980s—should be used towards reducing the tax burden.

Shops chief warns on cost of price war

By Elinor Goodman, Consumer Affairs Correspondent

THE FOOD price war could result in the total profits of the big supermarket groups being cut by more than half, Mr. Laurence Hill, chairman of the BAT Industries supermarket chain, International Stores, predicted yesterday.

His forecast, which follows warnings from other supermarket groups about the impact of increased competition on the trade, is the most pessimistic yet.

Mr. Hill said that the latest round in the price war, precipitated by Tesco when it dropped trading stamps in the summer, could cost the 20 or so largest groups as much as £90m. this year.

Net margins had been reduced by 2 per cent. throughout the trade.

Last year, he estimated, these groups made profits of about £150m. between them. This year they might have been expected to make around £170m. but for the cut in margins.

Mr. Hill said that, although International's own profits had been eroded since last summer, his company was in a better position than most to withstand the increased competition.

With the backing of BATs, International would continue to expand, he added, though other companies might be forced out of business.

Other groups

A number of other supermarket groups, such as J. Sainsbury, have warned in general terms about the pressure on margins, as have some City analysts.

But the most pessimistic forecast from the City has been that the price war would cost the industry between £60m. and £70m.

International, which took over the F. J. Wallis chain last year, was one of the supermarket groups to pick up some of the Green Shield trading stamp franchises dropped by Tesco.

Yesterday, Mr. Hill said that International would continue using stamps unless conditions "determined otherwise."

The terms of International's new contract with Green Shield are, however, believed to be more flexible than their former three-year agreement.

International's parent company, BAT Industries, yesterday reported pre-tax profits for the year to September 30 up 11 per cent. at £416m.

The International Stores' figures, which will be published to-day and which will include the F. J. Wallis business, are expected to show pre-tax profits up £1.86m. to £5.65m. on turnover up from £297m. to £401m.

● Tesco is expected to announce within the next few days that it has bought three large stores from Debenhams.

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Iran resumes talks on crude supply pact

BY OUR OWN CORRESPONDENT

TEHRAN, Jan. 31.

THE STATE-OWNED National Iranian Oil Company has re-opened negotiations on its 20-year crude-oil supply agreement with the consortium of western oil companies in which British Petroleum has a 40 per cent. interest.

The two sides met this week to agree an agenda for a top-level meeting in the spring on the whole future of the 1973 agreement.

Iran suspended the negotiations in April 1976 pending the outcome of discussions between Saudi Arabia and the Arabian American Oil Company (Aramco) on the takeover of Aramco's operations in the country.

Aramco is said to have reached an agreement with Saudi Arabia, though nothing has yet been signed.

Like Saudi Arabia, Iran has decided to freeze oil prices this year to help economic recovery of the western industrialised nations.

National Iranian demanded revision of the agreement after the purchasing companies asked for financial alterations. Iran had blamed the western companies for a $3bn. shortfall in its 1975 oil revenue resulting from a 740,000-barrel fall in daily exports.

The companies said they could not export more Iranian oil because of its high price, and that their 10 to 15 cents a barrel profit was not enough to meet investment obligations under the 1973 agreement.

Dr. Reza Fallah, deputy chairman of National Iranian, stressed to-day that a new agreement would have to be worked out.

The two sides had a secret one-day meeting in Tehran, held partly to allow consortium members to meet NIOC's new chairman, Mr. Houshang Ansari, the former Economy and Finance Minister. But the main purpose was to open the way to renewed negotiations.

The consortium still exports more than two-thirds of Iran's oil, but National Iranian has established itself as a major exporter in its own right, averaging some 1.2m. barrels a day last year.

Dr. Fallah did not rule out the possibility that the 1973 agreement will be discarded entirely, but he refused to disclose exactly what Iran will be seeking in the substantive talks. The agenda is expected to be finalised at a second meeting early in March.

Iran is still a major source of crude for the BP Group, which lifted 58m tonnes from the country in 1976 out of a total from all sources of 177m tonnes. BP will be drawing increasingly from its new sources of supply in the North Sea and Alaska.

Meanwhile, Dr Fallah said that Iranian domestic demand, which is increasing rapidly, is expected to reach 1.2m barrels a day in 10 years' time, necessitating construction of a seventh refinery in the near future

Kuwaitis on $ payment, Page 3

Court approves tanners' challenge to NEB

BY KEITH LEWIS

AN ATTEMPT by the National Enterprise Board to block a move by 14 U.K. leather tanners to challenge its partnership with leather company Barrow Hepburn and Gale was rejected in the High Court yesterday.

The action brought against the NEB by the tanners, which alleges a breach of the Board's operating guidelines to the detriment of the rest of the industry, will now go to trial.

Mr. Justice Forbes said in his judgment that the case involved a point of law of great public interest which should be decided by trial. He added that the trial might be of benefit to all, "including the Secretary for Industry."

The case follows the NEB's acquisition for £3m of a 50 per cent. stake in British Tanners, which took over the lossmaking tanning interests of Barrow Hepburn. The latter retains an equal stake with the NEB.

The 14 tanning companies, representing 65 per cent. of the tanning industry, argue that the NEB move was contrary to its guidelines, which require it to act on a commercial basis. The tanners seek a court declaration that the NEB had no power to make what they allege was a discriminatory grant. They claim damages for breach of duty.

Mr. Richard Southwell, QC, for the companies, said that they might now ask Mr. Sam Silkin, Attorney-General, to join their side as it raises a matter of public concern in case the trial judge rules that they have no legal standing.

Bishop Muzorewa to return to constitutional talks

BY TONY HAWKINS

SALISBURY, Jan. 31.

BISHOP Abel Muzorewa, leader of the United African National Council, announced to-day that he would return to the Rhodesian constitutional talks here to-morrow. He boycotted Monday's session in protest at the "abusive language" he claims was used by Mr. David Smith, Rhodesian Finance Minister.

To-day's planned meeting of the four heads of delegations was called off after a private meeting between Mr. James Chikerema, the UANC deputy, and Mr. Smith at which the differences which led to Bishop Muzorewa's walk-out last Friday were resolved.

A UANC statement warning that its "constitutional differences" with the Rhodesian Government still have to be resolved is a reference to the two issues on which the Bishop has disagreed with the other three delegations.

These are the proposals for separate voters' rolls—at least for the first ten years of Zimbabwean independence—and the composition of the security forces.

Meanwhile, an African newspaper to-day publishes what it says is the text of last week's "agreement" under the headline "The agreement that never came off."

Indications last night were that the discussions in Malta between the Patriotic Front Nationalist Alliance and an Anglo-American team would end inconclusively to-day after further talks. The two sides would then take stock before meeting again.

The text calls for a 100-seat House of Parliament with 28 white representatives elected on a white roll.

The white seats would be retained for at least two general elections or ten years, whichever is the longer. The reserved seats could then be amended by a simple parliamentary majority.

The agreement also sets out white safeguards—covering an independent judiciary, a justiciable bill of rights, dual citizenship where applicable, remittable pensions (only for the civil service), an independent army, police force, prison service and public service.

The formula under which these "entrenched clauses" might be amended within the ten years is that at least 78 of the 100 MPs must support any amendment—that is all 72 blacks and at least six of the white MPs.

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Weather

RAINY SPELLS spreading from W., bright intervals later.

London, S.E., Cent. S. England, E. Anglia, E. Midlands

Rain spreading from W. Wind S.W., moderate to fresh. Max. 6C (43F).

W. Midlands, Channel Isles, S.W. England, S. Wales

Periods of rain, brighter later. Wintry over hills. Wind W., moderate to fresh. Max. 7-8C (45-46F).

E., Cent. N., N.E. N.W. England, Isle of Man, Borders, Edinburgh, Dundee, Aberdeen, Central Highlands

Occasional rain or sleet, snow on hills. Wind mainly W., light. Max. 5C (41F).

Moray Firth, N.E., N.W. Scotland, Orkney, Shetland

Showers, snow chiefly on hills. Wind W., light. Max. 2-4C (36F-39F).

S.W. Scotland, Glasgow, Argyll, N. Ireland

Showers, heavy and wintry in places. Wind W., moderate to fresh. Max. 5C (41F).

Outlook: Becoming colder.

Long-range forecast: Rather cold and changeable, giving way to milder weather before mid-month.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	22	72	Luxembrg.	F	2	36
Amstrdm.	F	4	39	Madrid	F	9	48
Athens	F	14	57	Manchstr.	Sl	2	36
Bahrain	S	19	66	Melbourne	C	17	63
Barcelona	S	11	52	Mexico C.	S	20	[illegible]
Beirut	S	18	64	Milan	Fg	−1	30
Belfast	C	4	39	Montreal	S	−16	[illegible]
Belgrade	F	6	43	Moscow	Sn	−4	25
Berlin	C	3	37	Munich	C	0	32
B'mghm.	Sl	2	36	Newcastle	C	−1	30
Bristol	R	3	37	New York	S	−5	[illegible]
Brussels	F	3	37	Oslo	Sn	1	34
Budapest	Sn	0	32	Paris	C	4	39
B. Aires	C	21	70	Perth	F	37	99
Cairo	S	19	66	Prague	F	2	36
Cardiff	R	5	41	Reykjavik	C	1	34
Chicago	Sn	−12	[illegible]	Rio de J'o	S	30	86
Cologne	Sn	2	36	Rome	S	10	50
Copnhagn.	S	2	36	Singapore	S	29	[illegible]
Dublin	C	7	45	Stockholm	Sl	0	32
Edinburgh	Sl	2	36	Strasbrg.	F	5	41
Frankfurt	F	3	37	Tehran	S	8	46
Geneva	F	5	[illegible]	Tel Aviv	S	17	63
Glasgow	R	[illegible]	37	Tokyo	C	7	45
Helsinki	F	−6	21	Toronto	C	−9	[illegible]
H. Kong	C	14	57	Vienna	F	1	[illegible]
Jo'burg	C	25	[illegible]	Warsaw	Sn	−1	[illegible]
Lisbon	F	17	[illegible]	Zurich	C	2	36
London	R	3	37				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	12	54	Jersey	R	4	39
Algiers	F	14	57	Las Plms.	C	18	64
Biarritz	C	9	48	Locarno	S	1	34
Blackpool	R	2	36	Majorca	S	12	54
Bordeaux	F	7	45	Malaga	F	16	61
Boulogne	C	3	37	Malta	F	12	54
Casblnca.	F	16	61	Nairobi	S	24	75
Cape Tn.	S	25	77	Naples	S	8	46
Corfu	F	10	50	Nice	S	12	54
Dubrovnik	R	[illegible]	47	Nicosia	F	18	64
Faro	F	16	61	Oporto	R	12	[illegible]
Funchal	F	16	61	Rhodes	F	15	[illegible]
Gibraltar	F	15	[illegible]	Salzburg	Sn	[illegible]	[illegible]
Guernsey	R	5	41	Tangier	C	15	59
Innsbruck	Sn	1	34	Tenerife	F	14	57
Inverness	Sn	1	34	Tunis	F	9	48
Is. of Man	R	7	45	Valencia	F	15	[illegible]
Istanbul	F	10	50	Venice	S	6	43

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog. Sl—Sleet. Sn—Snow.

Continued from Page 1

'Green £'

definitely encourage a firmer market for beef.

The effect of the devaluation on Danish bacon imports will be to reduce the monetary subsidy by about £44 per tonne, reducing the total subsidy to just over £200 per tonne. The effect of this on the market for pigs will not be as certain as for beef, as Danish exporters may decide to absorb this themselves.

Both groups will benefit further when the Council of Ministers end the farm price review probably in April, and they get another 2½ per cent. devaluation.

Dairy farmers will be disappointed that they will have to wait until the farm price review for the benefits of their 7½ per cent. devaluation.

● Sir Henry Plumb, president of the National Farmers Union, said "The Council's decision to postpone the devaluation for milk until after the European price determination is likely to aggravate an already serious situation caused by the large shipment into the U.K. of heavily subsidised European butter."

Continued from Page 1

Export prospects

tough situation," said Mr Pennock.

"Many people in industry, and particularly heavy industry, wonder if the City and the monetary authorities have yet really comprehended the impact of the current sterling exchange rate."

The problem was not just the rate itself, but the fact that it was rising against a background of flat world markets and a U.K. inflation rate at least twice that of its overseas competitors.

The problems caused by the exchange rate were worst for heavy manufacturing industry, Mr. Pennock added, acknowledging that some companies found it a positive advantage because it cut the cost of imported raw materials.

In addition, it mattered less where quality and not price (for example in precision engineering) were the main factors determining the amount a company exported.

The CBI also published its monthly economic situation report yesterday which repeated earlier worries that the country's economic recovery could be hit by a consumer boom leading to balance of payments problems, despite the gains from North Sea oil.

Ray Perman, Scottish Correspondent, writes: Scottish manufacturing companies are even less confident than those elsewhere in the U.K. about the general business prospects for the next few months, the CBI trends survey for Scotland shows.

The results reflect the end of the relatively easy passage through the recession given to companies north of the border by the impact of oil development.

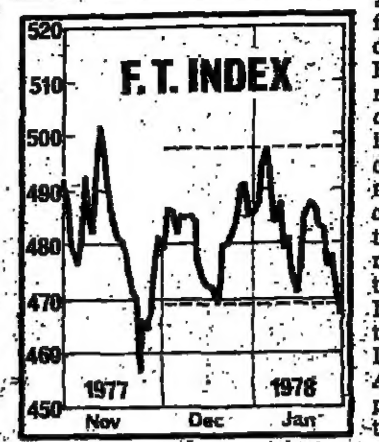
With the slackening of orders from the North Sea, the pattern in Scotland is reverting to that for the country as a whole.

Some 27 per cent of Scottish companies canvassed in the survey said they were less confident now than four months ago.

THE LEX COLUMN

Tobacco keeps BAT rolling

Index fell 3.0 to 467.0



Although the outturn for the full year at BAT Industries was a little below the market's hopes—pre-tax profits have improved by just 11 per cent. to £416m. after the 14 per cent. gain at half-time—the underlying trend appears to be quite satisfactory, and earnings per share have benefited from a lower tax charge. Sterling, of course, began to have an adverse influence on the published figures, trimming about 4 per cent. off earnings, and there could be more problems in this respect in the current year given that sterling has appreciated by another 10 per cent. against the dollar since the September year-end. But there is no stopping BAT's overall advance in its worldwide tobacco markets, with the volume growth rate picking up a little to perhaps 5 per cent. in 1976-77.

Brazil continues to make excellent progress, while profits improved modestly in Germany and Brown and Williamson in the U.S. turned in slightly better dollar figures.

Of the operating divisions, only tobacco continued to show any profits growth in the second half-year. Paper slipped back a little from first half levels, although this division still showed a gain of more than 50 per cent. for the full year, and BAT appears to be pleased at the way its mostly speciality paper products are holding up in a tougher competitive climate. The group must be much less happy, however, about yet another setback for stores, with the retail division contributing just £5m. in April-September on turnover of £706m. Stories of reorganisation at Gimbels and Saks in the U.S. have a familiar ring, and the near term outlook for the UK grocery side must be very difficult.

But so long as the tobacco juggernaut continues to roll, BAT can absorb these problems. Further modest overall growth is likely this year, and at 275p the shares are firmly backed by a yield of 7.3 per cent. and a p/e, duly diluted, of 4.7.

Reed Int.

After nine months, attributable profits at Reed International are down from £19.7m. to £16.4m., and £20m. looks like the best hope for the year compared with £27m. in 1976-77.

The main reason is that nearly half the loss of over £11m. (or 10p per share) which is expected this year by Reed Paper in Canada will arise in the final quarter. And there are no tax credits available to reduce this heavy burden.

This deficit will be inflated to some extent by non-recurring re-organisation costs. Yet further substantial losses seem probable for some quarters to come in Canada (which accounts on a calendar year basis) given the current very depressed price of pulp, and high stocks around the world.

The picture may be clearer by May, when Reed comes to decide its future dividend policy. An unchanged gross payment of 20p per share would cost £14½m. net, and the group will probably also have to cope with unrecovered ACT. In addition, retentions will be depleted by write-offs following the disposals, which at the interim stage amounted to £7m. So at the moment the probability is that the dividend will be cut significantly, unless some way out of the Canadian morass can be found. The shares are unlikely to recover their lost status while this uncertainty continues: they currently stand at 135p.

Property Tax

Yesterday's note about the implications of the House of Lords decision in the Fitzleet Estates case has generated heated discussion among property specialists. Opinion differs considerably about how far the decision affects the various devices which have been used by property companies for capitalising development interest. The property industry's reaction has been to [illegible] case down.

On the other hand there [illegible] a number of large accountancy firms which believe the decision provides the Revenue with the basis for raising assessments in all cases other than those where interest transfer was [illegible] consolidation adjustment. The main uncertainty concerns companies which have adopted the "transfer from [illegible] reserve" device and here tax accountants agree that the Inland Revenue may have to take another test case to the Lords to clear up the [illegible]. Although the scale of the problem is unclear, it is certain that property companies in general can expect a tougher approach from the Revenue as a result of Fitzleet.

London Sumatra

The unsuccessful attempt by the Rothschild consortium to confound the Harrisons & Crosfield offer for Harcros Investment Trust leaves it holding 14 per cent. of the Harcros equity, which it will now [illegible] for H and C shares [illegible] £2.15m. The consortium [illegible] that the stake cost it £1[illegible] but it is clear that Rothschild Investment Trust had a [illegible] time of it than its associates.

The venture was conceived as a tactical thrust to neutralise Harcros's 10.5 per cent. [illegible] in London Sumatra, a plantations company in which the consortium has a 27 per cent. [illegible]. With its failure, attention returns to the consortium's [illegible] for London Sumatra of [illegible] share.

With Harcros under its wing, H and C and associates now effectively control 43 per cent. of London Sumatra. The consortium's chances thus seem limited and the price of London Sumatra shares accordingly fell by 12p yesterday to 112p.

Nevertheless the price, which compares with 69p at the end of last year—suggests the story is not expected to end here. Robert Fleming, adviser to London Sumatra, are weighing up the consortium cash offer. If Fleming says "yes" and the H and C camp blocks the offer, 7,000 [illegible] shareholders in London Sumatra will feel justifiably miffed, and alert H and C shareholders might have a few questions to ask as well.